

POLICY FOR IMPLEMENTING  
THE STATE REVOLVING FUND FOR  
CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

Prepared by:  
THE DIVISION OF FINANCIAL ASSISTANCE

STATE WATER RESOURCES CONTROL BOARD  
STATE OF CALIFORNIA

Last amended on January 22, 2003

**POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR  
CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

**TABLE OF CONTENTS**

<b>ACKNOWLEDGMENTS .....</b>	<b>3</b>
<b>APPENDICES .....</b>	<b>4</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>5</b>
<b>I. INTRODUCTION .....</b>	<b>6</b>
<b>II. PURPOSE AND OBJECTIVE .....</b>	<b>6</b>
<b>III. DEFINITIONS .....</b>	<b>6</b>
<b>IV. PRIORITY SYSTEM .....</b>	<b>10</b>
A. Development of RWQCB Project Priority List Recommendations .....	10
B. Development of Statewide Project Priority List .....	11
C. Priority Classes .....	11
D. Project Ranking .....	12
F. Management of the Statewide List .....	13
<b>V. LOCAL MATCH .....</b>	<b>14</b>
A. Resolution .....	14
B. State Match Account .....	14
C. Terms .....	14
D. Disbursements .....	14
<b>VI. RETROACTIVE FUNDING .....</b>	<b>15</b>
<b>VII. REFINANCING .....</b>	<b>15</b>
<b>IX. FACILITIES PLANNING .....</b>	<b>17</b>
B. Environmental Impact Analysis .....	19
C. Water Conservation .....	21
D. Revenue Program .....	21
<b>X. PLANS AND SPECIFICATIONS .....</b>	<b>29</b>
A. Review Procedures .....	29
B. Value Engineering .....	30
C. Project Performance Standards .....	30
D. Loan Contract .....	31
E. Labor Wage Provisions .....	31
F. Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) .....	31
<b>XI. COMPLIANCE WITH OTHER FEDERAL STATUTES AND AUTHORITIES .....</b>	<b>32</b>

**POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR  
CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

<b>XII. ALLOWANCES</b>	<b>32</b>
A. Normal Allowances .....	32
B. Design-Build Allowances .....	33
<b>XIII. LOAN APPLICATION AND CONTRACT AWARD</b>	<b>33</b>
<b>XIV. APPROVAL TO AWARD (ATA)</b>	<b>34</b>
<b>XV. AMENDED LOAN CONTRACT</b>	<b>34</b>
A. Interest Rate .....	34
B. Final Loan Amount .....	34
C. Contract Initiation .....	35
D. Cost Increases .....	35
E. Future Local Debt .....	35
<b>XVI. LOAN DISBURSEMENTS</b>	<b>35</b>
A. Loan Disbursement Requests.....	36
B. Allowance Requests.....	36
C. Construction Progress Payment Requests.....	36
D. Division Assistance.....	37
<b>XVII. CONSTRUCTION</b>	<b>37</b>
A. Preconstruction Conference .....	37
B. Construction Inspections.....	37
C. Completion of Construction Date .....	37
D. Status Reports .....	37
<b>XVIII. OPERATION</b>	<b>38</b>
A. Final Project Inspection .....	38
B. Project Performance Report and Certification.....	38
<b>XIX. RECORD KEEPING REQUIREMENTS</b>	<b>39</b>
<b>XX. REPAYMENTS</b>	<b>39</b>
<b>XXI. BOARD RESERVATION OF AUTHORITY</b>	<b>40</b>
<b>XXII. ELIGIBILITY DISPUTES</b>	<b>40</b>

# **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

## **ACKNOWLEDGMENTS**

The State Water Resources Control Board thanks the individuals within the State Water Resources Control Board and members of Tri-TAC who freely shared their time in developing and amending the Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities.

# **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

## **APPENDICES**

- A. State Revolving Fund Loan Program Flow Chart
- B. State Revolving Fund Contacts
- C. Additional Program Guidance
- D. Water Recycling Funding Guidelines
- E. Environmental Review Process Guidelines
- F. Water Conservation Guidelines
- G. Revenue Program Guidelines
- H. -Deleted-
- I. Allowance Tables
- J. Project Performance Standards
- K. Approval To Award Form and Instructions, and MBE/WBE Compliance Guidelines
- L. Sample MBE/WBE Utilization Report Forms
- M. Sample Certification of Compliance with Federal Laws and Authorities
- N. Sample Loan Application and Loan Contract Checklist
- O. Certification of Bond and Insurance Coverage and Non Discrimination in Employment Notice
- P. Sample Disbursement Request Forms and Instructions
- Q. Sample Local Match Resolution
- R. Sewer System Evaluation Guidelines

# **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

## **EXECUTIVE SUMMARY**

This Policy was written to implement the 1987 Amendments to the Federal Clean Water Act, which created the State Revolving Fund (SRF) Loan Program. The SRF provides loan funding and other types of assistance for construction of publicly-owned wastewater treatment works and water reclamation facilities, development and implementation of programs to control pollution from nonpoint sources and stormwater drainage, and implementation of estuary cleanup programs. This Policy covers SRF assistance for the construction of wastewater treatment and water reclamation facilities.

This Policy is organized in sequential project development order. Sections I through VIII discuss general requirements, including the Local Match Program and the priority system, Section IX discusses facilities planning, and Section X design review and project performance standards. Sections XI through XVI discuss loan specifics, Sections XVII and XVIII discuss Construction and Operation respectively, and Sections XIX through XXII discuss record keeping, repayments and resolution of disputes.

# **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

## **I. INTRODUCTION**

The Federal Clean Water Act provides for the creation of a State Revolving Fund (SRF) Loan Program capitalized in part by Federal funds. The Federal Clean Water Act (CWA) authorizes loan funding for construction of wastewater treatment and for water recycling facilities, for implementation of nonpoint source and storm drainage pollution control management programs, and for the development and implementation of estuary conservation and management programs. The Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities (SRF Policy) only addresses the issuance of loans for wastewater treatment and water recycling facilities. The priority system, however, covers all eligible SRF activities. The SRF is intended to provide loans in perpetuity for construction of wastewater treatment and water recycling facilities, and for implementation of nonpoint source, storm drainage, and estuary conservation projects using State of California (State) and Federal funds.

This is the sixth amendment to the SRF Policy originally adopted by the State Water Resources Control Board (SWRCB) on August 18, 1988. The requirements contained in this amended SRF Policy apply to all projects receiving Facilities Plan Approval from the Division after September 19, 2002. A flow chart of the overall program procedures is provided in Appendix A. A list of contacts in the Division is provided in Appendix B. Appendix C contains additional Division guidance material on the SRF program.

## **II. PURPOSE AND OBJECTIVE**

The primary purpose of the SRF Loan Program is to implement the CWA and various State laws including the Clean Water Bond Law of 1984, the Safe, Clean, Reliable Water Supply Act (1996 Bond Law), the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (2000 Bond Law), and any subsequent bond laws, by assisting in the financing of wastewater treatment facilities necessary to prevent water pollution, recycle water, correct nonpoint source and storm drainage pollution problems, and provide for estuary enhancement, and thereby protect and promote the health, safety, and welfare of the inhabitants of the State.

## **III. DEFINITIONS**

The following words where used in this SRF Policy shall have the meaning hereafter ascribed to them:

- (a) "Allowance" means an amount of money based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the project.
- (b) "Applicant" means a city, town, district, or other public body (including an intermunicipal agency of two or more of the foregoing entities) created under State law, or an Indian tribe or an authorized Indian tribal organization having jurisdiction over disposal of

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

sewage, industrial wastes, or other waste, or a designated and approved management agency under Section 208 of the Federal Clean Water Act applying for a SRF loan.

- (c) “Areawide Waste Treatment Management Plan” means a plan prepared in conformance with Section 208 of the Federal Clean Water Act.
- (d) “Completion of Construction” means the date that the work of building and erection of the project is substantially complete.
- (e) Design-Build
  - (1) “Best Value”, also known as “greatest value”, means any selection process in which proposals contain both process and qualitative components, and award is based upon a combination of price and qualitative considerations.
  - (2) “Design-Build” means the system of contracting under which one entity performs both architectural design/engineering and construction under a single contract with the owner. Also known as “design-construct” or “single responsibility” or “Turn Key.”
  - (3) “Design-builder” means the entity contractually responsible for delivering the project design and construction.
  - (4) “Design-Build Bid Proposal” means a document submitted by pre-qualified Design-builders in response to the Request for Design-Build Proposal and which contains cost, design factors and usually, function, layout, materials, aesthetics, construction techniques, and specifications.
  - (5) “Honorarium” means a stated amount sometimes paid to unsuccessful Design-builders in consideration for preparing a Design-Build bid proposal in response to the owner’s Request for Design-Build Proposal.
  - (6) “Request For Design-Build Qualifications” means the document issued by the owner prior to a Request for Design-Build Proposal to determine whether a firm is fundamentally qualified to compete for a certain project or class of projects.
  - (7) “Request For Design-Build Proposal” means the document issued by the owner to solicit design and construction services proposals from the pre-qualified Design-builders and that contains the project objectives, project design criteria, site information, contract requirements, selection procedure and proposal (submittal) requirements.
- (f) “Division” means the Division of Financial Assistance, the Division of Water Quality, SWRCB, or any other segment of the SWRCB authorized to administer the State Revolving Fund Loan Program.



## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- (g) “Effective Loan Date” means the date specified in the loan contract after which eligible construction costs under the loan contract can be incurred. This date will generally be the date of final plans and specifications approval.
- (h) “Eligible Project Cost” means that portion of the total cost of a project that is eligible for loan assistance from the State Revolving Fund pursuant to Federal and State laws, rules, regulations, policies and guidelines.
- (i) “Environmental Document” means either an Initial study and Negative Declaration or an Environmental Impact Report (EIR) prepared in accordance with the California Environmental Quality Act (CEQA).
- (j) “EPA” means the United States Environmental Protection Agency.
- (k) “Estuary Enhancement Project” means any programs, devices, methods, or systems used to attain or maintain water quality in an estuary nominated by the Administrator of EPA, which assures protection of public water supplies and protection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife, and allows recreational activities in and on the water.
- (l) “Excessive Infiltration/inflow” means a flow rate in excess of acceptable threshold values as defined by Section IX.A.4. of this document.
- (m) “Facilities Plan Approval” means approval by the Division of the project concept being proposed by the applicant.
- (n) “Federal Clean Water Act” means the Federal Water Pollution Control Act (33 U.S.C.A. 1251 et seq.) including any amendments thereto.
- (o) “House Lateral” means the sewer pipe from the public right-of-way to the residential structure.
- (p) “Infiltration” means the water entering a sewer system including that from service connections, from the ground, through such means as, but not limited to, defective pipes, pipe joints, connections, or manhole walls. Infiltration does not include, and is distinguished from, inflow.
- (q) “Infiltration/Inflow” means the total quantity of water from both infiltration and inflow without distinguishing the source.
- (r) “Infiltration/Inflow Analysis” means a study to demonstrate the nonexistence, or possible existence, of excessive Infiltration/Inflow in each sewer system tributary to the treatment works.
- (s) “Inflow” means the water discharged into a sewer system including that from service connections, such as, but not limited to, roof leaders, cellars, yards and area drains, foundation drains, cooling water discharges, drains from springs and swampy areas,

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

manhole covers, cross connections from storm sewers and combined sewers, catch basins, storm waters, surface run-off, street wash waters, or drainage. It does not include, and is distinguished from, infiltration.

- (t) “Initiation of Construction” means the date that the notice to proceed with the work is issued for the project, or if the notice is not required, the date of commencement of building and erection of the project.
- (u) “Loan Contract Award” means the written agreement signed by all parties and any amendments thereto, between the SWRCB, and the applicant, and approved by the Department of General Services in which the terms, provisions, and conditions governing the State Revolving Fund loan are stated.
- (v) “Nonpoint Source Project” means any programs, devices, methods, or systems used for preventing, abating, reducing, transporting, separating, storing, treating, recycling, or disposing of pollutants from nondistinct, unconfined sources, including return flows from irrigated agriculture.
- (w) “Preliminary Loan Commitment” means a formal action by the SWRCB or the Chief of the Division approving and reserving funds for the project.
- (x) “Project” means any distinguishable segment, or segments, of a wastewater treatment facility described in the approved facilities plan which can be bid separately, and for which loan assistance is being requested or provided.
- (y) “Project Completion” means the date, as determined by the Division after consultation with the loan recipient, that operation of the treatment facility is initiated, or is capable of being initiated, whichever comes first.
- (z) “Recipient” means an applicant who has an executed loan contract signed by all parties.
- (aa) “Refinancing” means the use of State Revolving Fund Loan monies to refinance local external borrowings (borrowings from outside the local agency for eligible projects) at more attractive terms.
- (ab) “RWQCB” means the appropriate California Regional Water Quality Control Board.
- (ac) “Retroactive Projects” means those projects, which proceed to construction prior to award of the loan contract.
- (ad) “Sewer System Evaluation Survey” means a systematic examination of the sewer system to determine the specific location, estimated flow rate, methods of rehabilitation, and cost of rehabilitation versus cost of transportation and treatment for each defined source of Infiltration/Inflow.
- (ae) “SWRCB” means the State Water Resources Control Board.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- (af) “Storm Drainage Project” means any programs, devices, methods, or systems used for preventing, abating, reducing, transporting, separating, storing, treating, recycling, or disposing of pollutants arising or flowing in storm drainage that is transported in pipes, culverts, tunnels, ditches, wells, channels, conduits, from urban or rural areas to surface or ground waters of the State.
- (ag) “Treatment Facilities” means any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement Section 201 of the Federal Clean Water Act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the facilities, including intercepting sewers, outfall sewers, sewage collection systems, pumping, power, and other equipment, and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; and elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities.

In addition, “treatment facilities” means any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including storm water runoff, or industrial waste, including waste in combined storm water and sanitary sewer systems.

- (ah) “Water Quality Assessment” means a report prepared by the SWRCB to identify the water quality conditions in the waters of the State.
- (ai) “Water Quality Control Plan” means a SWRCB approved plan adopted pursuant to Division 7 of the Water Code designating or establishing beneficial uses and water quality objectives for water within a specified area and a program of implementation needed to achieve these objectives.

### **IV. PRIORITY SYSTEM**

The primary purpose of this section is to implement a Priority System for providing SRF loan assistance for the planning, design, and construction of wastewater treatment, nonpoint source, storm drainage, water recycling, and estuary enhancement projects and programs eligible under Title VI of the CWA.

#### **A. Development of RWQCB Project Priority List Recommendations**

1. Annually, each RWQCB Executive Officer shall develop Project Priority List recommendations for the RWQCB.
2. The Executive Officer’s Project Priority List recommendations shall be transmitted to the Division each year by the scheduled date set by the Division.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **B. Development of Statewide Project Priority List**

Annually, after review of the Executive Officer's Project Priority List recommendations, the SWRCB shall adopt a Statewide Project Priority List (Statewide List). The Statewide List shall identify those projects for which assistance from the SRF Loan Program is expected during the succeeding five-year planning period.

1. The Statewide List shall be adopted by the SWRCB not later than June 30 of each year.
2. The fundable portion (first year) of the Statewide List shall include those wastewater treatment, water recycling, nonpoint source, storm drainage, and estuary enhancement projects which have received a preliminary loan commitment and are scheduled for loan assistance during the first year of the five-year planning period. Projects receiving a preliminary loan commitment during the fiscal year shall be automatically moved to the fundable portion (first year) of the Statewide List provided the project is scheduled to receive a loan contract in the current fiscal year. The extended portion of the Statewide List shall include those projects without a preliminary loan commitment and those scheduled for a loan contract during the following four years. Placement on the extended portion of the Statewide List will be based on project schedules.
3. Placement of a project on the Statewide List shall not constitute a commitment to provide loan assistance.

### **C. Priority Classes**

Each Project shall be assigned to one of the following priority classes:

1. Class A -- Public Health Problems.
  - a) Publicly Owned Wastewater Treatment Facilities projects required to alleviate public health problems where the County Board of Supervisors or the County Health Officer has certified that a health problem exists, and where a RWQCB has (1) adopted a prohibition for elimination of discharges from individual treatment systems and such prohibition has been approved by the SWRCB, or (2) approved a local moratorium prohibiting the construction of new individual systems (See Appendix C), or (3) adopted a cease and desist order; and
  - b) nonpoint source, storm drainage pollution, and estuary enhancement projects required to comply with prohibitions, postings, limitations, or warnings that have been imposed by responsible health authorities, and where the RWQCB has concurred with the findings of the health authority and has established a time schedule for correction or elimination of the threat to public health.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

2. Class B -- Pollution of Impaired Water Bodies.  
Projects required to correct conditions where a certification is made by the RWQCB Executive Officer that the water quality objectives for an impaired water body are not being attained.
3. Class C -- Compliance With Requirements and Water Recycling Projects.
  - 1) Projects necessary to comply with waste discharge requirements or other regulatory requirements formally imposed by the SWRCB or RWQCB, or projects necessary for correction of threatened violations of existing or proposed waste discharge requirements; and
  - 2) Projects which recycle water and are cost effective when compared to the development of new sources of water.
4. Class D -- Projects Serving as Preventative Measures Against Additional Water Quality Degradation for Impaired or Unimpaired Water Bodies.  
Projects which would control discharges to impaired or unimpaired waters, where correction of such discharges may, or may not, be required through formally adopted waste discharge requirements. Includes projects to provide additional wastewater treatment capacity.
5. Class E -- Other Projects.  
Projects not included in any of the other priority classes.

### **D. Project Ranking**

Projects within each priority class shall be ranked on the basis of readiness to proceed. The project with the earliest estimated date for award of a loan contract will be ranked above a project with a later estimated date. In the case of a tie, the project discharging to the water body with the greater resource value will be ranked higher.

### **E. Restrictions and Adjustments**

1. If a project falls in more than one priority class, the full project shall be placed in the highest priority class applicable to the more costly segment of the project, except as specifically ordered by the SWRCB.
2. If the priority classification of a project is in any way dependent upon State, County, or local action, or upon SWRCB or RWQCB action, only action taken prior to the adoption or amendment to the Statewide List will be considered.
3. The Statewide List may be adjusted or amended by the SWRCB for good cause subject to approval by EPA.
4. The SWRCB reserves the right to transfer treatment facilities from one priority class to another priority ranking, to reduce the eligible cost of any project, and to

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

allocate available funds among one or more priority classes when the SWRCB determines such action to be necessary or appropriate for effective and equitable use of available monies. Such action will only be taken after a public hearing.

5. When appropriate, the SWRCB may create a set-aside for the purposes of assuring that SRF assistance will be available for nonpoint source, water recycling, estuary enhancement, and storm drainage projects and programs contained on the fundable portion of the Statewide List.

### **F. Management of the Statewide List**

Before a facilities plan approval is given, a project implementation schedule shall be submitted by the applicant and approved in writing by the Division. The Division shall monitor and compare progress on the project to the established schedule to assure that the loan applicant is proceeding expeditiously with the project.

If at any time the Division determines that progress has slipped sufficiently to push the loan contract award beyond the end of the scheduled state fiscal year, the SWRCB may add a project, or projects, of approximately equal dollar value from the planning portion to the fundable portion of the Statewide List, provided the project, or projects have received preliminary loan commitments and are projected to be ready for loan contracts during the current State fiscal year. After such additions, all projects on the fundable portion of the Statewide List will continue to compete on an as ready basis for available funds.

### **G. Funding of Projects**

Except as may be directed by the SWRCB, projects on the fundable portion of the Statewide List will receive loan contracts from the SWRCB on an as ready-basis.

### **H. Project Removal and Changes**

Projects shall not be removed from the Statewide List unless:

1. The SWRCB so instructs;
2. The project has received a loan contract;
3. The RWQCB so requests and the SWRCB concurs; or
4. The loan applicant so requests and the SWRCB concurs.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **V. LOCAL MATCH**

The Clean Water Act requires the states to provide a match equal to 20 percent of the federal Capitalization Grant (state match) in order to receive federal monies. Subsection 13478 of Chapter 6.5 of Division 7 of the Water Code allows the SWRCB to enter into agreements with, and accept state match funds from local agencies in return for no-interest SRF loans. Existing SRF Loans are not eligible for no-interest loans.

The following requirements, in addition to all other requirements in this SRF Policy, apply to new SRF loans where the applicants are providing the state match:

#### **A. Resolution**

1. An applicant electing to participate in the program must submit to the Division an acceptable resolution passed by the local governing body. A model resolution is included in Appendix Q.
2. The resolution must state the applicant's intent to provide the necessary state match in the amount and at the times necessary to complete the project.
3. The resolution must include a commitment to provide the necessary state match for administrative services of 0.575 percent of the total eligible project costs to cover the cost of obtaining the administrative match. The fee will be waived if sufficient funds are available to make the administrative match from other sources.

#### **B. State Match Account**

The recipient must establish a local state match account prior to issuance of the loan contract for the specific project for which the state match is being paid. The recipient must deposit sufficient funds in the account as necessary to make payments to the contractor.

#### **C. Terms**

The interest rate on state match loans shall be zero (0) percent. The repayment period is 20 years. The principal amount of the loan to be repaid is not reduced by payment of the state match.

#### **D. Disbursements**

1. Allowances For Architect/Engineer (A/E) and Administration Costs

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Recipients will also be required to submit a certification with the planning and design allowance payment requests stating that at least the state match portion of the incurred allowance costs have been paid. The Division will then authorize the disbursement of the federal share of the allowance requests.

### **2. Construction Costs and Construction Allowance**

Recipients will be required to pay the state match share of the eligible loan amount of the contractor's invoice prior to submitting the progress payment request to the Division. As an alternative, recipients may pay the contractor(s) the full eligible amount of the contractor's invoice until they have paid an amount equal to the state match portion of the loan amount. In either case, recipients are required to submit certification of such payments to the Division with each disbursement request.

### **3. Assurances**

Certification of such payments must be submitted to the Payments Unit with each pay request. The Division will then authorize the disbursement of the federal share of the eligible payment amount.

In addition to the certification of payment, recipients shall submit copies of the canceled checks on a quarterly basis documenting payment of the state match amount.

## **VI. RETROACTIVE FUNDING**

Retroactive funding will be provided for only those projects where the applicant has submitted all required program documents and such documents have been approved before initiation of construction, but due to a lack of funds or other reasons, the applicant initiated construction after the approval of either plans and specifications or Request for Design-Build Proposals, but prior to issuance of the loan contract. Projects where construction is initiated before Division approval are not eligible for retroactive funding.

## **VII. REFINANCING**

The use of SRF monies to refinance local external borrowings is eligible provided the project is approvable under Section VI. above. Refinancing of local debt will be contingent on the local borrowing document providing for recall of an amount at least equal to the amount of the SRF loan within two years of the SRF loan issuance.

## **VIII. WATER RECYCLING PROJECTS**

### **A. Funding Sources and Applicable Policies**



## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Water recycling projects generally serve one of two purposes: (1) meeting pollution control needs as specified in waste discharge requirements or (2) meeting water supply needs. Projects for which water recycling is the cost-effective alternative to meet pollution control needs are funded by the SRF in accordance with the same SRF criteria applicable to other wastewater treatment and disposal projects. Projects for which water supply is the purpose may be funded by either the SRF or the SWRCB's Water Recycling Loan Program (WRLP). A water supply-type recycling project will be funded under the WRLP unless (1) the WRLP funding cap is exceeded, (2) there are insufficient funds in the WRLP, (3) the applicant requests a zero-percent interest loan, or (4) the applicant proposes a Design-Build contract.

Water supply-type water recycling projects are placed in Priority Class C as water recycling projects that are cost effective when compared to the development of new sources of water. These projects must meet requirements contained in the amended WRLP Guidelines adopted by the SWRCB on April 17, 1997, or as later amended, as well as the requirements contained in this SRF Policy. The WRLP Guidelines are included in Appendix D.

The WRLP Guidelines may be more restrictive regarding eligible capacities than the SRF Policy.

### **B. Multiple-Purpose Projects**

A water-recycling project may be a multiple-purpose project, serving both water pollution control needs and water supply needs. Multiple-purpose projects can be funded under the SRF, or jointly funded under the SRF and the WRLP. However, the facilities associated with each purpose must be evaluated and the eligibility of facilities determined in accordance with the applicable provisions of either the SRF Policy or the WRLP Guidelines.

There are two types of multiple-purpose water recycling projects:

1. Water recycling facilities for water supply purposes may be proposed to be constructed simultaneously with wastewater treatment and disposal facilities that could meet discharge requirements without the water recycling facilities. The WRLP Guidelines would be applied to the water recycling facilities component of the project.
2. In other cases, water recycling may be an inseparable part of the facilities needed to meet discharge requirements but may be justifiable only by considering both the pollution control and the water supply benefits. In this case, appropriate provisions of the SRF Policy and the WRLP Guidelines will be applied.

## POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

---

### IX. FACILITIES PLANNING

Applicants will be required to complete a facilities planning process. A complete facilities plan will include a Project Report, a complete Environmental Document, and a draft Revenue Program.

To facilitate expeditious issuance of a preliminary loan commitment, the Division will offer consultation regarding specific program requirements during facilities planning. When an applicant is placed on the fundable portion of the Statewide List, the Division will offer assistance at the option of the prospective applicant. The assistance available will include guidance for (1) identifying project alternatives, (2) selecting the cost-effective alternative, (3) preparing the Project Report, the Revenue Program, and the Environmental Document. The Division will also offer assistance to aid applicants in assuring that they have the ability to administer and manage the construction of the proposed project.

#### A. Project Report

A Project Report shall be prepared and submitted as part of the loan application process. While early submittal is not a program requirement, the Division **strongly** recommends that applicants submit the Project Report for review well in advance of commencing design.

The Project Report must contain, as appropriate, the following:

1. A statement of project needs and benefits, including a discussion of the water quality benefits of the project and the public health or water quality problems to be corrected.
2. A cost effectiveness evaluation of alternatives over a twenty (20) year planning period. The evaluations presented must include an evaluation of the alternative of upgrading operation and maintenance of the existing facility to improve effluent quality.
3. An evaluation of alternative methods for reuse or ultimate disposal of treated wastewater and sludge material resulting from the treatment process. For wastewater treatment projects producing sludge material, the following information needs to be identified and compared:
  - a. All landfills within a 100 mile radius that accept sewage sludge;
  - b. Any composting facilities within a 100-mile radius accepting sewage sludge;
  - c. The potential for dedicated land disposal;
  - d. Conversion of sludge to biosolids for distribution as soil amendment or as another agricultural product; and

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- e. Ultimate disposal methods approved by the RWQCBs.
- 4. An evaluation of the non-existence or possible existence of excessive infiltration/inflow (I/I) in the existing sewer system. If the average daily flow during periods of sustained high groundwater is less than 120 gallons per capita per day (gpcd), a Sewer System Evaluation Survey (SSES) is not required. If it is above 120 gpcd, the applicant must perform a SSES to determine whether it is cost-effective to treat or correct the I/I. If a SSES is not submitted, funding will be limited to 120 gpcd. If the peak flow during a storm event (highest three-hour average) exceeds 275 gpcd, a SSES must be completed or funding will be limited to the peak flow amount of 275 gpcd. Cost-effective corrections under these criteria are eligible for funding. See Appendix R for further guidance on SSESs.
- 5. Information on total capital costs, annual operation and maintenance costs, as well as the estimated annual or monthly costs to residential and industrial users for all of the alternatives.
- 6. A discussion of the existing population, flows, and loadings, and projections of the same, used to estimate the twenty (20) year capacity needs for treatment facilities and collection systems and forty (40) year capacity needs for interceptors and outfalls.
- 7. A discussion of the anticipated eligible capacity for the project and how that capacity was derived. (see Section IX.F. of the SRF Policy).
- 8. A description of the Best Practicable Wastewater Treatment Technology. (For more information see 40 CFR 35.2005(b) (7)).
- 9. A summary of public participation.
- 10. The following must be submitted for the selected alternative:
  - a. A detailed description of the selected alternative and the complete waste treatment system of which it is a part.
  - b. A summary of relevant design criteria (i.e., design flow, peak flows, daily BOD loadings, daily suspended solids loadings, overflow rates, detention times, sludge production, etc.).
  - c. The estimated construction and annual operation and maintenance costs and a description of the anticipated manner in which all the costs will be financed.
  - d. A summary of the cost impacts on wastewater system users.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- e. A summary of the significant environmental impacts of the selected project and any proposed mitigation measures.
- f. A copy of any proposed intermunicipal service agreements necessary for the project.
- g. A statement that identifies and discusses the source(s) and the amount of unallocated potable water currently available in the project service area. If the amount of potable water is less than what is needed to serve the projected population for the proposed project, a plan identifying how that deficiency will be mitigated shall be presented.
- h. A discussion of facilities which were previously funded by federal/state grants or loans, if such facilities are to be repaired or replaced.
- i. Applicants must comply with the Civil Rights Act of 1964. Where minority populations are included in the facilities planning area, the Project Report must show that such areas will be served or excluded from service only for reasons of cost-effectiveness (currently see 40 CFR Part 7).
- j. A description of operation and maintenance requirements.
- k. A demonstration that the selected alternative is consistent with any applicable approved water quality management plan.
- l. A summary of public participation.
- m. A copy of the current adopted waste discharge requirements issued by the RWQCB for the wastewater facility or improvements/expansion to be constructed. If no current adopted permit exists, a copy of the tentative waste discharge requirements must be submitted. The waste discharge requirements, however, must be adopted by the RWQCB before the approval of either the plans and specifications or the Request for Design-Build Proposal (for Design-Build projects).

### **B. Environmental Impact Analysis**

Final Environmental Documents must meet general requirements of the CEQA. Applicants must also meet specific CEQA requirements that apply where a state agency is the “responsible party” as defined in CEQA. In addition to CEQA requirements, project applicants must follow specific documentation and review requirements that will assure compliance with federal environmental laws. Detailed environmental review process guidelines including a flowchart are contained in Appendix E.

The applicant must submit the draft Environmental Documents to the Governor’s Office of Planning and Research, State Clearinghouse for comments. The draft Environmental

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Documents must also be distributed for review and comment to other responsible (as defined in CEQA) local, and State agencies within the project's service area. The Division, as a responsible agency, will review and comment on the draft Environmental Documents received from the State Clearinghouse.

Eight (8) copies of the draft Environmental Document must be submitted to the Division for distribution to designated agencies responsible for implementing federal environmental laws. The applicant must respond directly to all comments received from Federal agencies.

Under some circumstances, a SRF loan project may be approved under a statutory or categorical exemption from CEQA. In these cases, a Notice of Exemption (Notice) should be filed with the County Clerk. A copy of the Notice and supporting evaluation must be sent to the Division. Compliance with applicable Federal environmental regulations is required for exempt projects and may involve consultation with Federal agencies.

SRF projects must comply with federal laws pertaining to cultural resources, particularly Section 106 of the National Historic Preservation Act. SRF applicants must document the presence or absence of cultural resources in the project area, their significance, and any project effects. This documentation must be prepared by a researcher meeting federal professional standards for the type of resource in question. Section 13b of Appendix E provides details about the required information. When adequate information has been submitted to the Division by the applicant, the Division's Cultural Resources Officer will review it for Section 106 compliance and will forward approved documents to the State Historic Preservation Officer (SHPO). The SHPO has a 30-day review period in which to comment or to concur that the process is complete. The SHPO concurrence must be obtained prior to both execution of the loan contract and initiation of construction.

As a minimum, the appropriate Environmental Documents shall discuss the items outlined in Appendix E. The Environmental Documents shall discuss consistency with areawide planning such as wastewater treatment and water quality control, basin plans, and Section 208 plans.

In addition to submitting the final Environmental Document, the applicant must also submit to the Division copies of the resolution or similar documents certifying or adopting the document and making appropriate findings, an adopted mitigation monitoring plan, and the Notice of Determination filed with the Governor's Office of Planning and Research. If a preliminary loan commitment is approved, the Division will prepare a Notice of Determination and file it with the Governor's Office of Planning and Research.

Applicants must also adopt a mitigation monitoring plan for agreed upon mitigation measures. Compliance with this plan will be a condition of the loan contract.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Use of previously prepared Environmental Documents is acceptable provided the procedures and guidance in Sections 15153, 15162-15164, 15168, or 15221 of the State CEQA Guidelines are followed.

### **C. Water Conservation**

The SWRCB will not execute a loan contract for a project until the applicant has adopted a water conservation program consistent with local ordinances and authorities. In lieu of adoption of an independent water conservation program, the applicant may become a signatory to the "Memorandum of Understanding Regarding Urban Water Conservation in California" September 1991, California Urban Water Conservation Council, which may be modified to suit local conditions.

If the applicant is not a water purveyor, it must (1) certify that seventy-five (75) percent of the water connections in its service area are covered by adopted water conservation programs approved by the Division or (2) demonstrate that the water purveyor(s) have signed the Memorandum of Understanding covering at least seventy-five (75) percent of the water connections within the applicant's sewer service area.

If neither of these requirements can be met before the issuance of the preliminary loan commitment, the applicant must submit a specific time schedule for local adoption of a water conservation program. See Appendix F for further information.

The Division may waive the requirements of this section under the following circumstances: the water supplier for the community serves 3,000 or fewer customers and the costs to prepare a document to satisfy the SRF Policy requirements are found to be burdensome to the supplier in light of the benefits derived from the plan.

### **D. Revenue Program**

Section 204 (b) (1) of the CWA requires recipients to develop user charge systems and to have the legal, institutional, managerial, and financial capability to construct, operate, and maintain the treatment works. The recipient will be required to prepare a Revenue Program in accordance with the Revenue Program Guidelines (see Appendix G), adopt a sewer use ordinance, and establish an acceptable dedicated source, or sources, of revenue to repay the SRF loan.

#### **1. Wastewater Capital Reserve Fund (WCRF)**

- a. All recipients of SRF loans shall create a dedicated WCRF for expansion, major repair, or replacement of their wastewater treatment facilities.
- b. The SRF loan contract will not be issued until an ordinance creating the WCRF is enacted by the local governing body.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- c. The recipient shall deposit sufficient funds to build up the WCRF at a minimum rate of one-half of one (0.5) percent of the SRF loan amount each year for a period of ten (10) years.
- d. All interest earned on deposits to the WCRF shall remain in the WCRF for the uses specified below. The recipient shall replace any amounts expended from the WCRF by depositing at a minimum annual rate of ten (10) percent of the expended amount.
- e. The recipient's unused bonding capability for the wastewater enterprise may be used to offset, dollar for dollar, the required cash deposits to the WCRF.
- f. Unused bonding capability means, with respect to each SRF loan contract issued after January 21, 1993, an amount equal to unissued bonds or other indebtedness authorized either by vote of the local electorate or by provisions of local or other law under which the borrower would be legally permitted to issue such bonds or other indebtedness without approval by the local electorate or by any other public entity.

The amounts required to be deposited in the WCRF may be reduced by any amounts held and not previously allocated for the purposes of this calculation. The amounts may be held in any fund or account established pursuant to a resolution or indenture of a borrower pursuant to which any bonds or other indebtedness have been issued and are outstanding, which amounts may be used for the purposes for which the WCRF is established.

- g. Money deposited in the WCRF shall be available for the costs for planning, design, and construction of capital improvements (See IX.D.1.a. above) to the wastewater treatment facilities.
- h. The recipient shall prepare and submit a report on WCRF activities and fund status beginning five (5) years after the Division's approval of the final Revenue Program. A report shall be due every five (5) years for the life of the loan contract.
- i. The requirement to create and maintain a WCRF shall remain in force for the life of the loan contract. At the end of the loan contract, disposition of the WCRF will be a local responsibility.
- j. Failure to meet the provisions of this Section could result in the immediate recall and repayment of all SRF loan funds disbursed to the recipient.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **2. Draft Revenue Program**

The applicant will be required to identify and make projections of the amount of revenue available from specific sources necessary to repay the SRF loan.

A draft Revenue Program must be prepared and submitted prior to Facilities Plan Approval. A loan contract will not be executed until the Division has approved the draft Revenue Program. The draft Revenue Program must include a draft ordinance or resolution committing a source or sources of funds for repayment. The draft Revenue Program shall be updated as appropriate and submitted with the final plans and specifications.

As indicated at the time of the preliminary loan commitment, the applicant will be required to identify a “dedicated” source of revenue to repay the loan. Revenue will be considered dedicated when the applicant passes an ordinance or a resolution committing a source, or sources, of funds for repayment. The resolution, or ordinance, dedicating a source of funding for repayment of the SRF loan must be adopted by the applicant and approved by the Division before the loan contract is issued.

### **3. Final Revenue Program**

A final Revenue Program, a draft rate ordinance, and an adopted sewer use ordinance must be approved by the Division prior to ninety (90) percent disbursement of the SRF loan funds. The final approved Revenue Program should be reviewed periodically during the useful life of the project and modified as necessary.

### **E. Eligible Project**

Project components, other than reserve capacity, are intended to be completely eligible or ineligible. The following are categories of eligible and ineligible costs:

#### **1. Eligible**

- a. Treatment facilities, including new collection systems in existing developed areas within the service area, and alternative treatment facilities such as leachfields, mound systems, wetlands, etc.;
- b. Reserve capacity for treatment plants and pipelines; (See Section IX.F. for details).
- c. Reasonable administration and laboratory building space directly related to the operation of the eligible facilities.
- d. Process control systems;



## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- e. Mitigation measures (except for land) mandated by State and/or Federal agencies;
- f. On-site solids handling systems necessary to meet waste discharge permit requirements. Includes systems that perform thickening, stabilization, and dewatering of sludge as a means of preparing it for beneficial reuse and/or ultimate disposal.
- g. Stationary and mobile equipment which are an integral part of the wastewater or sludge handling process such as front loaders for sludge drying beds, injection equipment for dedicated land disposal sites, and compost windrow turners. Equipment must be confined to the treatment plant or disposal site owned by the recipient.
- h. Allowances for planning, design, construction and prime engineering, and administration;
- i. Special equipment necessary to maintain the eligible treatment facilities, including the manufacturer's list of spare parts;
- j. Necessary insurance related to the construction contract; and
- k. Cost-effective buy-in for all of the proportional costs to connect to an existing treatment plant and/or collection system.

### **2. Ineligible**

- a. All land, easements, and rights of way;
- b. Contingencies and honorariums;
- c. Construction change orders and claims;
- d. House laterals for collection systems and any in-house facilities;
- e. Engineering costs included as part of the construction bid for other than Design-Build projects;
- f. Decorative items (art work, sculptures, reflective ponds, fountains, etc.) ;
- g. Solids handling facilities that perform pasteurization, co-generation, conditioning, heat drying, thermal reduction, and facilities for packaging or distributing biosolids.
- h. Operation and maintenance costs and extended warranties for equipment and act of God, flood, and earthquake insurance costs;

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

- i. Motor vehicles used for employee transportation or for the transportation of materials generated or consumed by the treatment plant;
- j. All other items not included in the construction contract except allowances; and
- k. Replacement of previously grant funded facilities are ineligible except for the following specific cases:
  - (1) Where an amendment to a basin plan adopted by a RWQCB requires upgrading of specific treatment systems or technology to achieve a mandated enhanced level of treatment, and the replacement of previously grant funded facilities is necessary to achieve the mandated enhanced level of treatment required by the amendment.
  - (2) Where a proposed water recycling project which meets the definition contained in Section I.D. (eligible water recycling project) of the (WRF) Guidelines (See Appendix D) adopted by the SWRCB on April 17, 1997; and which is proposed to use recycled water to replace a bonafide current or proposed beneficial consumptive use of potable water; and where replacement of previously grant funded facilities is necessary to install the recycling project.
  - (3) Notwithstanding any other provisions of this policy, the SWRCB may consider granting an exception to this policy in the event that the SWRCB, after a meeting, makes a finding that the petitioner suffers from severe hardship or unique circumstances.

The above eligible and ineligible items must be segregated in the engineer's estimate.

### **F. Capacity Funding Limitations**

The eligible capacity shall be determined using average dry weather flow (ADWF) and appropriate peak flows in accordance with population and per capita flow estimates provided by the applicant. Project capacity must be consistent with environmental constraints.

Eligible capacity for treatment plants and collection systems will be up to a period of twenty (20) years from the estimated date of initiation of construction. For projects with a design capacity greater than 20 years, eligible and ineligible costs shall be determined on an incremental basis. Eligible capacity for multiple phased projects shall be determined on a case by case basis.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Eligible capacity for interceptors and outfalls will be up to forty (40) years from the estimated date of initiation of construction. Allocation between eligible and ineligible costs shall be determined on an incremental basis. Eligible Capacity for multiple phased projects shall be determined on a case by case basis.

Eligible capacity shall be calculated by multiplying the appropriate local population projection by an appropriate local per capita flow figure. For existing treatment facilities, the per capita flow shall be based on the existing population and the measured flow. The flow thus calculated will be deemed to include all the eligible project flows, (residential, commercial, existing Federal facilities, existing industrial, and infiltration/inflow). Eligible capacity will be determined at the facilities planning stage.

The applicant will be responsible for documenting, in the facilities plan, the peaking factors used for the project.

### **G. Population or Flow Projections**

Population projections must be from an independent agency [i.e. Regional Council of Governments, appropriate local planning agencies, Department of Finance, or Areawide Water Quality (208) Management Plans]. Population or flow projections will be used to determine the eligible project capacity. Depending on the apparent reasonableness of the local projection, the Division may require additional documentation to support the reasonableness of the projection. A detailed discussion of the local projections should be included in the Project Report.

### **H. Industrial and Federal Facilities**

Eligible capacity will include flows from existing Federal and industrial facilities discharging to the municipal system.

### **I. Preliminary Loan Commitment**

The Division may request a Preliminary Loan Commitment after the Division has issued facilities plan approval and the applicant has concurred with the eligible project. The loan application must be submitted before the project is considered for the preliminary loan commitment. The preliminary loan commitment will expire at the end of the time period specified in the approval document unless the specified deadline is met. The specified deadline will be the date the applicant submits biddable plans and specifications to the Division, or another appropriate deadline. The Division may approve up to a ninety (90) day extension for a good cause.

### **J. Design-Build Projects**

Applicants requesting SRF loan assistance for Design-Build projects will be required to complete both a facilities planning process and a Design-Build selection process. The planning process will follow the planning documentation requirements described under Section IX. above, and the Design-Build process will follow a two-phase selection

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

process. The two-phase selection process is a procurement process which includes the preparation of a Request for Design-Build Qualifications (RFQ) to pre-qualify the bidders and a Request for Design-Build Proposals (RFP) from the pre-qualified bidders. For additional information on implementation of the Design-Build process, it is recommended that the applicant refer to the RFQ/RFP Guide Section of the 'Design Build Manual of Practice' published by the Design Build Institute of America (DBIA) (Phone No. (202) 682-0110).

Before a RFP is issued, the applicant must complete a RFQ process. The applicant shall prepare RFQ documents for the selection of the most qualified Design-builders who have the greatest potential to design and build the proposed project and submit the documents to the Division for review and approval. In this document, the applicant must establish clear and objective standards or criteria which will be used to determine the most qualified firms to be invited to prepare and submit a Design-Build bid proposal. Responses from Design-builders must be evaluated and Design-builders must be pre-qualified by the applicant before issuing a RFP.

Before the RFP is finalized, the applicant shall select a Design-Build Technical Review Panel (Panel) to review the RFP. See further discussion in Section K for the Panel selection requirements. The RFP must provide enough information to clearly explain the project objectives and the design intent. At a minimum, project objectives, process treatment requirements (design criteria), unit processes, external constraints that apply to the project, site definition, geotechnical investigations, process definition, performance requirements, permit requirements, and similar information needs to be provided. The minimum effort is similar to completion of a preliminary design that represents approximately 15 to 20 percent of the conventional design effort.

The Panel shall review the RFP to insure the Design-Build objectives and conditions, as discussed below, are described properly and accurately. Based on the results of the Panel's review, the RFP will be finalized. Only those Design-builders who are pre-qualified by the applicant will receive the RFP and only they may submit a Design-Build bid proposal. The RFP must provide a scope of work that is sufficiently detailed to allow pre-qualified bidders to produce cost-effective bid proposals. Also, criteria for selection of the successful bidder should be communicated clearly and structured such that the qualification-based bidding process is reinforced.

The final RFP shall be prepared and submitted to the Division along with a copy of the adopted Waste Discharge Requirements (WDR) issued by the RWQCB. While early submittal is not a program requirement, the Division strongly recommends that applicants submit a draft RFP for review well in advance of soliciting bids. The final RFP shall be submitted to the Division for review and approval before advertising for bid proposals.

The applicant will evaluate the bid proposals and make the final selection of the bid proposal which provides the best value. Best value is determined by both qualitative factors (e.g., design solution, management and schedule) and proposed bid price in the evaluation and selection process. The Panel that was used to review the RFP will also

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

review the applicant's evaluation of the bid proposals and make a recommendation to the applicant. If the applicant does not concur with the Panel's recommendation, the applicant must provide the Division with the justification for not considering the Panel's recommendation. The Division reserves the right to reject the applicant's selection if not fully justified. The final loan contract and the Approval to Award (ATA) the Design-Build contract will be issued by the Division after the successful bidder is selected by the applicant and ATA must be obtained from the Division before initiating construction.

### **K. Technical Review and Panel Selection Requirements For Design-Build Projects**

The preparation of a RFP for all Design-Build projects must be undertaken by SRF loan applicants with the assistance of individuals knowledgeable of public contracting requirements, and with the help of professionals experienced in the application of the performance criteria appropriate to facility needs.

All SRF loan applicants for Design-Build projects shall meet the following technical review and Panel selection requirements prior to the completion of preliminary (up to 20 percent) design.

1. The proposed technical review effort should be completed in accordance with the RFQ/RFP Guide Section of the Design Build Manual of Practice published by the DBIA or equal.
2. The technical review must insure that the RFP outlines: 1) the Design-builder selection criteria clearly; 2) details the project description, project objectives, design intent, design criteria, unit processes, responsibility/risk allocation, and submittal requirements; 3) includes the responsibilities of the owner, Design-builder, Design-builder's architect (including the engineer and other professionals); 4) specifies responsibility for performance, scheduling, permits, fees and insurance; 5) specifies liquidated damages (if any); 6) and addresses other construction related issues properly and accurately. In addition, the applicant's needs must be described precisely and in a manner that will be universally interpreted and understood.
3. The applicant's consultant, or any company affiliated with the consultant, responsible for performing any portion of the project design, assisting in preparation of the RFP, or performing the technical review of the RFP, is not permitted to participate on a team to bid on the Design-Build proposal.
4. The applicant's consultant, or any company affiliated with the consultant, but responsible for performing only the project planning, is permitted to bid on the Design-Build proposal.
5. The applicant, and or consultant, or any company affiliated with the consultant, responsible for performing the project planning, preparing preliminary design, or assisting in the preparation of the RFP, is not permitted to be the leader of the Panel or comprise more than twenty (20) percent of the Panel membership.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

6. The Panel leader will be selected by the applicant using a qualifications-based selection process (Cal. Govt. Code Section 4525-4529).

It is highly recommended that loan applicants submit a Request for Proposal for Technical Review Services (Proposal) to the Division for review prior to soliciting Panel members. This will eliminate the necessity to re-advertise if the Proposal or the Panel is found not acceptable by the Division. Once the Panel is selected, the applicant must submit the results to the Division for approval, including copies of the proposal, a description of the selection process, and the qualifications of the selected Panel members.

The cost of the technical review effort is included in the planning allowance described in Section XII.B.

Failure to complete a technical review effort, in accordance with the referenced DBIA manual, or equal, and the provisions stated above, will result in the proposed project being ineligible for SRF loan funding.

### **X. PLANS AND SPECIFICATIONS**

#### **A. Review Procedures**

The primary focus of the review of the final plans and specifications will be to determine if the design is consistent with the facilities described in the Facilities Plan approval letter, if the proposed project, in concept, will meet discharge requirements, and if it will comply with applicable Federal and State loan program requirements. The final plans and specifications must be approved by the Division and the applicant must agree to the eligibility determinations and performance certification standards prior to issuance of the loan contract.

Applicants, at their option, may submit ten percent plans for review if they would like an initial review prior to finalizing the project plans and specifications. Applicants may also request, at their option, a detailed design review by the Division with any comments resulting to be forwarded to the applicants and their consultants.

For Design-Build projects, the review and approval of the design of the project would be carried out in a three-phased approach. The first review will be done after the RFQs are submitted to the Division to determine if the evaluation and selection process used for pre-qualifying bidders is fair and equitable and that the selection criteria is described accurately and completely. The second review will be after the RFP is submitted to the Division to determine the project component eligibility; to establish project performance standards; and to verify that the proposed project is consistent with the facilities described in the Facilities Plan approval letter. The third review is after the applicant has selected the successful low bidder and the ATA is submitted to the Division. Design review during the third phase will be limited to assuring that the project being

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

designed and constructed is consistent with the facilities described in the Facilities Plan and is the same as described in the RFP approved by the Division, and also to check if the proposed project, in concept, will meet discharge requirements, and to assure its compliance with Federal and State loan programs' constructability and biddability requirements.

### **B. Value Engineering**

Applicants with estimated total project costs greater than \$10 million must conduct a Value Engineering (VE) study. VE studies are also recommended for projects costing less than \$10 million because of the potential cost savings and design improvements resulting from the VE process. An extra allowance amount will be provided for applicants conducting VE studies for projects costing less than \$10 million. (See Appendix I Allowances).

The VE study report shall be submitted with the final plans and specifications. The VE study report shall describe all the VE recommendations. If any VE recommendations are not being implemented, the submittal shall discuss the reasons for rejection. Applicants should consult with Division design staff at the ten (10) percent design stage regarding VE requirements. (See SRF Guidance Memorandum No. 3, Appendix C).

For Design-Build projects, irrespective of the project cost, an independent technical review shall be conducted prior to the completion of the RFP. The RFP shall contain the results of the technical review and form the basis for the bidding documents. For information on conducting independent technical reviews, please see Section IX.K. This technical review will replace the VE requirements that apply to normal design and construction projects.

### **C. Project Performance Standards**

The performance standards for a project shall be established initially during the facilities planning stage and modified during the design eligibility review process, or during preparation of the Design-Build RFP. During design review, the applicant and the Division will mutually agree on specific project performance standards for loan funded unit processes and equipment. At the end of the one-year project performance certification period, actual operating data must be compared with the project performance standards.

Project performance standards may be established in one of two ways:

1. The recipient may request that the Division develop performance standards based on Division guidelines, or
2. The recipient may develop performance standards for Division approval.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Project performance standards shall be based on waste discharge requirements. The standards will describe monitoring data necessary for project certification, including sampling locations, frequency of sampling, flow conditions, duration of sampling, and testing procedures for mechanical equipment. For non-discharging projects (such as I/I correction and pump stations), the project performance standards include the elimination of overflows and reduction of infiltration/inflow to the levels specified in a SSES.

The applicant and the Division will mutually agree on the project performance standards before final plans and specifications, or Design-Build RFP approval. The agreement on project performance standards will be included as part of the loan contract. Further information on project performance standards is included in Appendix J, Guidelines for Project Performance Certification.

### **D. Loan Contract**

#### **1. Normal projects**

The loan contract will be issued after final plans and specifications are approved and all other program requirements have been satisfied. The loan amount will be based on the engineer's estimate of the eligible project costs. The loan contract will be amended once at the ATA to reflect the actual project costs, subject to the 50 percent cost increase limit under Section XV.D.

#### **2. Design-Build Projects**

For Design-Build projects, the loan contract will be issued after the preliminary loan commitment and after the applicant's RFP has been reviewed and approved by the Division. The loan contract will be amended after the Division issues the ATA that reflects the actual eligible project costs.

### **E. Labor Wage Provisions**

The recipient must comply with State wage determinations. The final plans and specifications will be reviewed to make sure the proper wage determination provisions have been inserted in the specifications. The recipient will be responsible for assuring compliance with applicable labor laws.

### **F. Minority Business Enterprise/Women's Business Enterprise (MBE/WBE)**

The recipient must insert the following forms in its contract bidding documents: (1) Contract Provisions Relative to MBE/WBE; (2) MBE/WBE Self Certification (Attachment A); and (3) Form 4700-5 (Attachment B). Contact your project manager for the latest



## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

version. Furthermore, a pre-bid conference with the prospective bidders is strongly encouraged to explain the MBE/WBE “positive effort” requirement.

The recipient must submit three MBE/WBE forms with the ATA request package. These are: (1) Attachment B (submitted with the bid); (2) Attachment A; and (3) the applicant’s MBE/WBE Positive Effort Certification (see Appendix K). In the event the bidder does not meet the MBE/WBE fair share objectives, additional documentation must be submitted to the Division by the recipient to demonstrate that the low bidder complied with the positive effort steps listed in the Contract Provisions for MBE/WBE Utilization.

If acceptable positive effort steps have not been taken, the Division cannot authorize the award of the construction contract. Selecting the next low, responsive, responsible bidder, or rebidding the contract, are acceptable alternatives for the recipient if loan assistance is still desired. The loan contract will be amended to reflect the costs of selection of the next low, responsive, responsible bidder or the low, responsive, responsible bidder after rebidding.

Recipients shall report MBE/WBE utilization to the Division on the MBE/WBE Utilization Report, SWRCB Form MBE/WBE UR334 (See Appendix L). Reports must be submitted to the Division within ten (10) calendar days following the end of each federal fiscal quarter until such time as the “Notice of Completion” is issued.

### **XI. COMPLIANCE WITH OTHER FEDERAL STATUTES AND AUTHORITIES**

In the January 28, 1988 Final Guidance for State Revolving Funds, EPA listed a number of other Federal laws and authorities that must be followed for activities supported with SRF funds directly made available by capitalization grants. Appendix M contains a current list of these other laws and authorities with a sample certification form.

Prior to issuance of the loan contract, applicants will be required to certify that they have complied, or will comply, with all the other Federal authorities listed in Appendix M.

### **XII. ALLOWANCES**

#### **A. Normal Allowances**

A fixed amount of loan funds will be provided to the loan recipient to partially offset costs for planning, design, construction management, administration, and prime engineering. An additional design allowance (see Appendix I) is included for applicants doing VE studies for projects costing less than \$10 million. For projects costing more than \$10 million, the cost of the VE study is included in the design allowance. Payment of the planning and design allowances will be made on actual costs incurred and may be requested as soon as the loan contract is issued. The allowance amounts will be determined from the eligible construction costs at the ATA stage.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **B. Design-Build Allowances**

The allowance for Design-Build projects will be determined by entering the allowance tables (See Appendix I) at the amount proposed by the Design-Build contractor. The amount for design will be multiplied by 80 percent and that amount deducted from the Design-Build contractor's proposed amount. The resulting amount (construction cost) will be used to reenter the tables for all allowances. To the planning allowance will be added 20 percent of the design allowance calculated and no allowance will be allowed for design. For Design-Build projects with construction costs under \$10 million, the value for VE will also be added to the planning allowance. For example: the Contractor's bid amount for a treatment plant is \$10 million. The Design Allowance for \$10 million is \$490,070. Eighty percent is \$392,056. The construction cost is \$9,607,944 (\$10,000,000-\$392,056).

The allowances for \$9,607,944 normal project are:

Planning	\$242,926
Design	\$473,079
Construction	\$853,125
Administration	\$ 86,471
Prime Engineering	\$ 25,669
Value Engineering	\$ 30,000

For a Design-Build project, the allowances are:

Planning	\$367,542 [ $\$242,926 + (20\% \times \$473,079) + \$30,000$ ]
Design	\$ -0-
Construction	\$853,125
Administration	\$ 86,471
Prime Engineering	\$ 25, 669

The allowance should not be construed to represent a limit for each project. Needs must be considered on the basis of specific factors associated with that project. Such consideration could result in engineering costs which are appropriate and which could be higher or lower than the amount of the allowance. There are separate tables for pipeline projects and treatment facilities. The tables provided in Appendix I also take into account projects that may have received previous grants for planning and/or for design.

The final allowance will be calculated by a computer program based on the eligible low bid amount. The tables included in Appendix I of this Policy should only be used to estimate the amount of the allowance.

### **XIII. LOAN APPLICATION AND CONTRACT AWARD**

The loan application should be submitted with the Facilities Plan. Following the preliminary loan commitment and prior to design completion, the applicant is required to

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

advise the Division whether the proposed project would be completed using Design-Build or the design-bid-build (normal) method of construction. Depending on the choice of the construction method, the Division will prepare a loan contract checklist to assure all program requirements have been met before award of loan assistance. A sample of the loan application, loan contract and checklist are contained in Appendix N. The loan contract for normal projects will be awarded after the final plans and specifications are approved based on the engineer's estimate of the eligible project costs. However, for Design-Build projects, the loan contract will be awarded after the RFP is approved by the Division based on the engineer's estimate for the eligible project.

### **XIV. APPROVAL TO AWARD (ATA)**

Recipients will be required to submit an ATA package to the Division for review and approval prior to awarding the construction contracts.

Appendix K contains the ATA Request Form, the MBE/WBE Positive Effort Certification and the MBE/WBE forms that must be submitted with the request to award the construction contract.

The Division will use the lowest acceptable bid to determine the final eligible loan contract amount. The Division will also review the ATA request package to assure that both the recipient and its contractors have complied with the MBE/WBE positive effort requirements.

Neither the EPA nor the SWRCB will be involved in resolving bid disputes. Bid dispute resolution will be the sole responsibility of the recipient. The ATA will not be issued until all bid disputes have been resolved by the recipient.

Once the ATA package has been submitted and is complete, and the final loan amount is agreed upon, the Division will amend the loan contract to reflect actual eligible costs and mail it to the recipient for signature.

### **XV. AMENDED LOAN CONTRACT**

#### **A. Interest Rate**

The interest rate is set pursuant to Subsection 13480(b)(1) of the Water Code when the initial loan contract is issued. (See also Subsection 13478 of the Water Code for the local match program).

#### **B. Final Loan Amount**

The amended loan contract amount will be based on the sum of the lowest acceptable bid costs of the eligible construction project, and the appropriate allowances for planning, design, construction, prime engineering, and administration.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

The final eligible project cost will be determined at the ATA stage based on the date for initiation of construction.

### **C. Contract Initiation**

The recipient will have a maximum of six (6) months from the effective date of the loan contract to award the prime construction contract. An extension of up to 90 days may be granted by the Division in the event of unusual circumstances.

At the time of the submittal of the ATA package, the recipient must demonstrate that an amount equal to at least five (5) percent of the estimated project costs will be available for project contingencies. The contingency amount will not be eligible for loan assistance.

### **D. Cost Increases**

After the amended loan contract is issued, all project changes that result in cost increases will be the responsibility of the recipient.

If at any time the total eligible project costs exceed the preliminary loan commitment amount by more than fifty (50) percent, the project must receive re-approval of the preliminary commitment.

### **E. Future Local Debt**

The SRF loan contract will contain a provision requiring the sale of future local debt to be on parity with, or subordinate to, the SRF debt unless all of the following criteria are met:

1. The applicant's non-subordinate debt is rated "A", or higher, by at least two nationally recognized rating agencies.
2. The applicant pledges that net revenues available to pay the SRF loan are at least 1.1 times the current year's debt service on SRF loans.
3. The applicant agrees to pay the 20 percent state match amount for their loan in return for a zero interest loan.

## **XVI. LOAN DISBURSEMENTS**

Disbursements to recipients will be subject to EPA requirements and/or limitations. Costs may be submitted for payment on a monthly basis.

Costs submitted to the Division for payment must be currently due and payable to the project contractors. It will not, however, be necessary for the recipient to have actually paid the costs before requesting payment under the loan contract.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **A. Loan Disbursement Requests**

The recipient will receive a copy of the SRF Disbursement Request Form No. 260 or Request for Loan Disbursement Form No. 261 for zero interest loans. (See Appendix P) upon execution of the loan contract. The recipient will be responsible for completing columns C. (Costs Incurred to Date) and E. (Costs Claimed for Payment to Date). The recipient is also responsible for the certification of expenditures by the authorized representative. A copy of each processed payment request will be sent to the recipient to show the amount disbursed by the Division. Specific instructions for requesting disbursements are also included in Appendix P.

### **B. Allowance Requests**

A request for disbursement of the planning and design allowances can be submitted as soon as the loan contract is issued. The total amount for all the allowances will also be shown on the SRF Disbursement Request Form No. 260/261 sent to the recipient. Recipients must certify that planning and design work has been completed and that claimed costs were incurred. Unless requested by the Division, it is not necessary to include invoices or other documentation for the disbursement of allowances. The final allowance amounts will be based on the eligible low bid costs and will be included in the amended loan contract. Any overpayment of allowances based on the initial loan contract, which have already been paid, will be subtracted from subsequent requests for disbursements.

### **C. Construction Progress Payment Requests**

The recipient will receive a copy of the SWRCB Construction Contractor Spreadsheet Form No. 259 after the ATA has been issued by the Division and the amended loan amount has been agreed upon. Instructions for completing this form are also in Appendix P.

When requesting disbursement for construction, the recipient must include a copy of the Construction Contractor's Pay Estimate along with completed Form Nos. 259 and 260/261 (See Appendix P). The Contractor's Pay Estimate must be itemized by bid item or show a relationship between the Contractor's Pay Estimate and the bid items. The estimate must be signed by the contractor and the authorized representative. The allowance will be paid as costs are incurred. The loan disbursement will be based on the amount of money currently due and payable to the contractor for eligible bid items plus costs incurred for engineering and administration minus any amounts previously paid by the Division. The recipient should assure that adequate local funding is available to pay the contractor in case the loan disbursement is not processed before payment to the contractor is due.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

D. Division Assistance

If you need assistance, or have any questions regarding submittal of a request for a loan disbursement, please contact the Chief of the Financial and Administration Unit at (916) 341-5820.

### **XVII. CONSTRUCTION**

A. Preconstruction Conference

The recipient should notify the Division as soon as the preconstruction conference with the construction contractor is scheduled. Division staff may choose to attend.

B. Construction Inspections

1. Interim Inspections

The Division may conduct interim inspections during construction.

2. Final Inspections

The Division may conduct a final construction inspection.

C. Completion of Construction Date

The completion of construction date will be established for the purpose of determining the loan repayment schedule. The date will be established by mutual agreement between the Division and the recipient.

D. Status Reports

Recipients shall submit reports on the status of construction activities no less frequently than quarterly starting with the issuance of the Notice to Proceed to the contractor. At minimum the reports will contain the following information:

1. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced and percent schedule elapsed.
2. A listing of change orders including amount, description of work, and change in contract amount and schedule.
3. Any problems encountered, proposed resolution, schedule for resolution and status of previous problem resolutions.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **XVIII. OPERATION**

#### **A. Final Project Inspection**

After the completion of construction date is established, the recipient and the Division will mutually agree on the initiation of operation date. The initiation of operation date is the start of the one-year project performance certification period. During the certification period, the Division will conduct a Final Project Inspection to determine if the treatment facilities are being maintained and operated satisfactorily, and are capable of meeting performance standards. The Division will prepare a final project inspection report, which will identify areas of operational deficiencies, if they exist.

Recipients must provide the Division a copy of the Operation and Maintenance Manual within the first six months of operation. The manual will be used to assist the Division with the final project inspection and review of the project performance certification.

#### **B. Project Performance Report and Certification**

One year after initiation of operation, the recipient is required to certify that the project meets the project performance standards and must submit a project performance certification report. The project performance certification report should summarize the data collected during the one-year project performance period and discuss the project's current and future ability to meet the project performance standards. The project performance certification report should also address any items noted as deficient in the final project inspection report. The Division will approve the certification of the project, if appropriate, at the end of the one-year certification period. A detailed outline of the Project Performance Report requirements for various types of projects can be obtained from the Operations Unit.

If the project cannot be affirmatively certified, the recipient must prepare a corrective action report, which analyzes the project's inability to meet the project performance standards. The corrective action report must include an estimate of the nature, scope and cost of the corrective action, and a time schedule for meeting the project performance standards. The time schedule must include an estimated date by which the loan recipient will certify the project and submit a project performance certification report. The Division will conduct follow-up inspections, as necessary, to monitor the recipient's progress towards meeting the project performance standards. The cost of the corrective action is not eligible for loan assistance.

If the recipient does not submit a project performance certification report which includes a signed certificate of performance, or a corrective action plan, within fifteen (15) months of the initiation of operation date, an interest penalty of one-tenth of one (0.1) percent per day will be assessed on the outstanding loan balance due. The interest penalty will begin on the first day after expiration of the appropriate deadline. Further information on project performance certification is included in Appendix J.

## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

### **XIX. RECORD KEEPING REQUIREMENTS**

Recipients are required to maintain separate project accounts in accordance with generally accepted government accounting standards. More specifically, the following records must be maintained:

- Accounts accurately depicting amounts received and expended for the project, including all funds received from the SRF;
- Program income data; and
- Total cost of the project.

Invoices must be maintained for a period of at least three years after submittal and acceptance of an affirmative Project Performance Certification. All other records must be kept for the life of the loan.

### **XX. REPAYMENTS**

Interest will accrue on all loan disbursements as of the date each disbursement is made. A revised repayment schedule will be issued by the Division after the recipient submits an approvable final disbursement request.

The Division will prepare a repayment schedule that includes:

- The interest rate;
- Accrued interest;
- Amount of dollars loaned;
- The final principal amount of the loan due including accrued interest; and
- A complete amortization table.

The first annual loan repayment will be due one year following the completion of construction date, as set by the Division under Section XVII.C. The loans will be fully amortized no later than twenty (20) years after completion of construction. The amount to be repaid will include the amount loaned plus accrued interest. The Division will normally send a repayment notice thirty (30) days before the date each repayment is due, but prompt repayment remains the responsibility of the recipient.

A penalty of one-tenth of one percent (0.1%) per day on the amount due will be assessed for late repayment. A ten (10) day grace period will be allowed. However, if the repayment is not received by the end of the grace period, the penalty will be assessed from the repayment due date. Any penalties collected will be deposited in the SRF account to be made available for SRF assistance.



## **POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

---

Penalties assessed will not change the principal balance of the loan contract. Such penalties will be treated as a separate account in addition to the annual repayment due.

All repayments are to be sent to:

SRF Accounting Office  
Attention: SRF Program  
Post Office Box 1888  
Sacramento, CA 95812-1888

### **XXI. BOARD RESERVATION OF AUTHORITY**

Prior to the signing of any loan contract, the SWRCB reserves the right to modify this SRF Policy as necessary to provide for effective and equitable use of SRF funds, including:

- Reducing the eligible loan amount for any project;
- Adjusting the terms for repayment of the loan consistent with applicable statutes.

Any such action will be taken only in a manner consistent with applicable Federal and State requirements and after any prospective applicant, adversely affected by the action, has had an opportunity to comment on the proposed action.

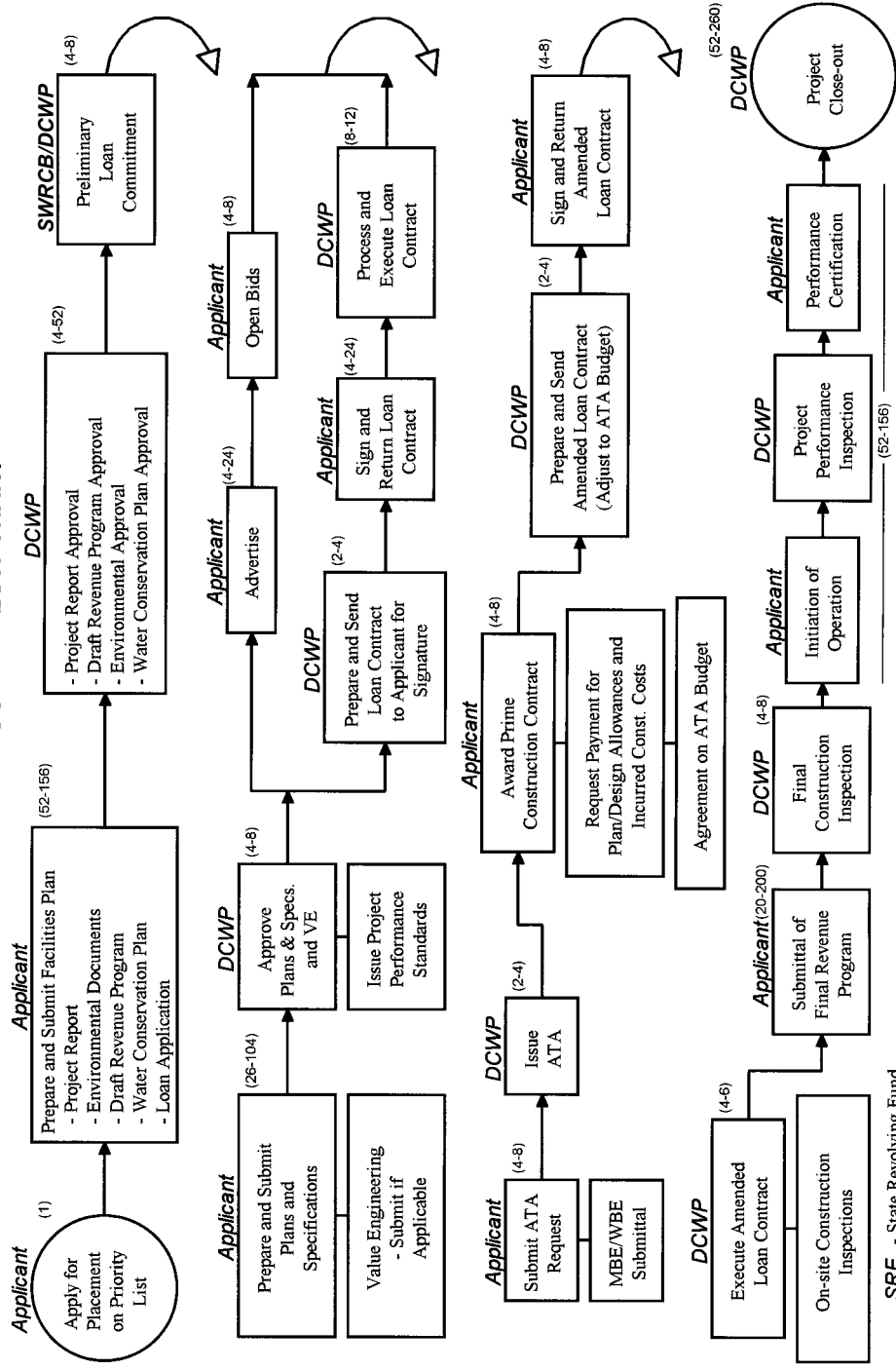
### **XXII. ELIGIBILITY DISPUTES**

Any dispute, which is not otherwise resolved, shall be referred to the Chief of the Division, or his/her delegate, for decision. The decision by the Chief of the Division, or his/her delegate, shall be reviewable by the SWRCB, at the option of the SWRCB.

In the event that a Division Decision is not acceptable, the applicant or recipient may appeal within 30 days to the Chief of the Division for a final Division Decision. If the applicant or recipient is not satisfied by the final Division Decision, the applicant or recipient may appeal to the SWRCB within 30 days. The Office of the Chief Counsel of the SWRCB will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the SWRCB's Executive Director and all the SWRCB Members. Upon the motion of any SWRCB Member, the SWRCB will undertake to review and resolve the dispute in the manner determined by the SWRCB. Should the SWRCB determine not to review the Final Division Decision, this decision will represent a final agency action on the dispute.

These provisions do not pertain to disputes under an executed loan contract. Such disputes shall be resolved in accordance with the disputes resolution provisions of the contract.

**CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**  
**Division of Clean Water Programs**  
**SRF LOAN PROGRAM FLOW CHART**



Date: 9/14/94

( ) - Approximate time to complete task in weeks.

STATE REVOLVING FUND PROGRAM  
CONTACTS AT THE  
STATE WATER RESOURCES CONTROL BOARD

APPLICATION

Wayne Pierson  
Darrin Polhemus

(916) 341-5755  
(916) 341-5694

ENVIRONMENTAL

Lauma Jurkevics

(916) 341-5498

REVENUE PROGRAM

Ron Blair

(916) 341-5642

WATER CONSERVATION

Pat Lam

(916) 341-5723

PRIORITY LIST

Christopher Stevens

(916) 341-5698

LOAN CONTRACTS

Lisa Fernandez

(916) 341-5736

APPROVAL-TO-AWARD

Mike Harper

(916) 341-5820

PAYMENTS

Eva Kawada

(916) 341-5715

WATER RECYCLING

Diana Robles

(916) 341-5513

NONPOINT SOURCE

Bill Campbell

(916) 341-5499

STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 88-84

USE OF LOCAL MORATORIUMS FOR DETERMINING  
STATE REVOLVING FUND LOAN (SRF) PRIORITIES

WHEREAS:

1. The State Water Resources Control Board (State Board) effectively used locally-imposed moratoriums on individual disposal systems to determine priority list classes under the Clean Water Grant Program.
2. The State Board initially will use the same priority system for the SRF Loan Program.


THEREFORE BE IT RESOLVED THAT:

For the purpose of the SRF Loan Program, the State Board will continue to accept locally-imposed moratoriums in lieu of Regional Board prohibitions where the following criteria have been met:

1. The local moratorium prohibits the construction and use of new individual disposal systems;
2. The local moratorium contains a requirement that residents within the boundaries of the moratorium connect to the public system when it becomes available;
3. The local government entity imposing the moratorium agrees to delegate, to the Regional Board, the final authority for approval of any exemptions to the moratorium; and
4. The Regional Board adopts a resolution accepting the locally-imposed moratorium in lieu of a prohibition.

CERTIFICATION

The undersigned, Administrative Assistant to the State Water Resources Control Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on July 21, 1988.

  
Maureen Marche  
Administrative Assistant to the Board

STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

No.2 - CONSTRUCTION CONTRACT SPECIFICATION REQUIREMENTS FOR PIPE  
MATERIALS

The purpose of this memorandum is to notify you of a change in the Division of Clean Water Programs (Division) interpretation of Public Contracts Code Section 3400, as it relates to the public contract specification requirements for pipe materials.

Section 3400 of the Public Contracts Code states that:

"No agency ...calling for a designated material, product, thing, or service by a specific brand or trade name unless the specification lists at least two brand or trade names of comparable quality or utility and is followed by the words or equal ..."

Historically, the Division has considered terms such as Vitrified Clay Pipe (VCP), Reinforced Concrete Pipe (RCP), and Polyvinyl Chloride Pipe (PVC) as "trade names" for pipe materials. As a result, the Division has required grant and loan applicants to issue contract specifications that include at least two of the "trade name" pipe material terms and the words "or equal".

Pursuant to the Division's Final Division Decision letter dated July 7, 1993 it has now been determined that terms such as VCP, RCP, and PVC are not considered "trade names". Therefore, compliance with the "two or equal" requirement of Section 3400 for the contract specifications for pipe materials, will not require the use of specifications of more than one type of pipe material (e.g. VCP and PVC).

Notwithstanding this change in the interpretation of Section 3400, you should advise loan applicants that the Division strongly recommends that contract specifications be prepared such that the option of alternative pipe materials is included. Also, if the Value Engineering team recommends that allowing the bidding of other materials could save money, the loan applicant will be required to bid multiple materials. If the loan applicant refuses to accept the lowest bid then the loan will be reduced by the amount of the projected savings.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994

STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

No.3 - VALUE ENGINEERING REQUIREMENTS

The purpose of this memorandum is to outline the established procedures for implementing the Value Engineering (VE) requirements for State Revolving Fund (SRF) loan projects.

The SRF Loan Program states that value engineering is required where the estimated construction cost at the completion of Facilities Planning is equal to or greater than \$10 million. In situations where projects are segmented, the requirement for VE will be based upon the estimated total construction cost of the project, not the cost of each segment individually.

All SRF loan applicants must be advised of the following VE requirements at the completion of Facilities Planning.

- \* The proposed VE effort must be completed in accordance with the Environmental Protection Agency (EPA) publication Value Engineering For Wastewater Treatment Works (September 1984).
- \* The Value Engineering Team Coordinator (VETC) selected to conduct the VE workshops must be recognized by the Society of American Value Engineers (SAVE) as a Certified Value Specialist (CVS), and have participated in at least ten (10) VE workshops.
- \* The consultant or company that is responsible for performing the project design is not permitted to perform the VE workshops.

Encourage loan applicants to submit Request-For-Proposals (RFP) for VE services to the Division for approval prior to advertising for proposals. This will eliminate the necessity to re-advertise if the RFP/VE Team is not acceptable.

Notify the loan applicants that the cost of the VE effort are considered to be included in the design allowance. Therefore, additional SRF loan funds will not be provided to complete the VE effort.

Make sure loan applicants understand that the failure to complete a VE effort, in accordance with the referenced EPA publication and the provisions stated above, will result in the proposed project being ineligible for SRF loan funding.

You should also encourage all loan applicants to complete value engineering on all projects regardless of construction cost.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994

STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

No.4 - CONSTRUCTION CONTRACT SPECIFICATION REQUIREMENTS - PUBLIC  
CONTRACTS CODE SECTION 3400 COMPLIANCE

The purpose of this memorandum is to clarify the Division's position regarding the eligibility of projects that do not satisfy the "two or equal" requirement of Section 3400 of the Public Contracts Code and the Division's role in ensuring compliance with Section 3400 on SRF loan funded projects.

In general, the Division cannot issue Plans and Specifications Approval to any project that we believe includes violations of the "two or equal" provision of Section 3400 of the Public Contracts Code.

If during our review of the plans and specifications we discover any apparent or suspected violations of Section 3400, we should (1) notify the loan applicant, in writing, of the violation and the ramifications of non-compliance; and (2) request a legal opinion from their legal counsel certifying that the project plans and specification fully comply with the provisions of Section 3400, for those instances where the loan applicant believes there is no violation.

Please coordinate with our own legal staff on specific items in question, prior to notifying the loan applicant.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994

STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

No.5 - APPLICATION OF UNIFORM RELOCATION ACT TO PROJECT IN THE SRF LOAN PROGRAM

The purpose of this memorandum is to outline the basic land pursuant to the State Revolving Fund (SRF) Loan Program.

Although, the SRF Loan Program Policy (January 1993) identifies the purchase of land, easements, and rights-of-way as ineligible for loan funding, loan applicants must comply with the following requirements if their projects involve the acquisition of land, easements, or rights-of-way.

Acquisition Requirements

- \* Loan applicants must comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act). Loan applicants must provide certification that the requirements of the Uniform Act have been satisfied.
- \* Loan applicants must identify the land, easements, and/or rights-of-way that must be acquired for the project during the Facilities Planning phase of the project. The Project Report must include maps that identify the parcels, easements, and rights-of-way that must be acquired.
- \* All land, easements, and/or rights-of-way that are acquired for loan funded projects must be secured for a minimum of twenty (20) years from the date of project certification.

Loan applicants should be informed that the State Water Board will not issue an SRF loan contract until the acquisition of all required land, easements, and/or rights-of-way have been completed. In addition, it should be made clear to loan applicants that the failure to comply with the Uniform Act requirements will result in their project being ineligible for SRF loan funding.

Loan applicants that have specific questions or need guidance in compliance with the land acquisition requirements should be directed to Mr. Ron Blair, the Division's Land Acquisition Coordinator.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994



STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

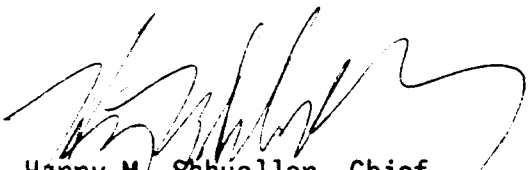
No.6 - CONSTRUCTION MANAGEMENT

The purpose of this memorandum is to address questions that have been raised by SRF loan applicants regarding construction management under the SRF Loan Program.

Loan applicants should be notified that we do require that full-time construction management and inspection services be provided for the duration of the construction.

Pursuant to the SRF Loan Program Policy, loan applicants are entitled to an allowance for construction management services on their projects. However, we are not involved in the review and approval of construction management services contracts.

For those loan applicants that require assistance in the selection of a qualified construction management firm, the Division has developed a sample Request-For-Proposal (RFP). Copies of the sample RFP are available from the section secretary. Please note that the sample RFP only includes typical CM services. Loan applicants should be informed that the sample RFP should be used only as a guide in preparing an RFP that addresses the specific CM services necessary for their particular projects. In addition, it should be made clear to loan applicants that they must satisfy all applicable state and local procurement laws and ordinances, respectively.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994

STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

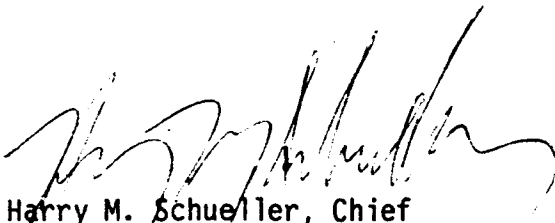
No. 7 - CONSTRUCTION STARTED PRIOR TO LOAN AWARD

Applicants with projects that have received Facilities Plan Approval after January 21, 1993, should be made aware of the following eligibility policy:

1. The project must have Plans and Specifications Approval prior to SRF Loan Award.
2. Any construction costs incurred prior to effective date of the SRF Loan will not be eligible for Loan funds.
3. The effective date of the SRF loan will be the date of the Plans and Specification Approval. This date will also be the date specified in the loan contract as the date the loan is made between the State of California and the loan applicant.

This policy should be emphasized in all our contacts with the loan applicants.

Applicants with projects that received Facilities Plan Approval prior to January 21, 1993, are not affected by this policy.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994


STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS

STATE REVOLVING FUND  
GUIDANCE MEMORANDUM

No. 8 - PUBLIC UTILITY SERVICE AND RELOCATION

As the results of discussions among the Division staff, the loan program guidance relating to construction funding of work concerning public utilities will be as follows:

1. Relocation costs of public utilities that interfere with the construction of eligible projects are eligible.
2. Public utilities are defined as those publicly or investor-owned utilities furnishing gas, electric, water, telephone, or cable T.V. services.
3. Line items in the contractor's bid establishing a dollar amount for connection or relocation of a public utility will be eligible for loan funds subject to the transmittal of proper invoices for the work.
4. It is not necessary that the exact work to be done be shown on the plans or be a part of the specification, but the cost and general scope of this work must be specified as part of the construction bid.
5. Any work, including work by public utilities, that is not included in the selected low contractor's construction bid or specified in the allowance tables in the policy will not be eligible for loan funds.



Harry M. Schueller, Chief  
Division of Clean Water Programs

Date: April 20, 1994

## **WATER RECYCLING FUNDING GUIDELINES**



April 17, 1997

California State Water Resources Control Board  
Office of Water Recycling

# **WATER RECYCLING FUNDING GUIDELINES**

## **TABLE OF CONTENTS**

<b>PART ONE: BACKGROUND INFORMATION</b>	<b>1</b>	
1.		<b>I</b>
<b>INTRODUCTION</b>	<b>1</b>	
A. Clean Water Bond Law of 1984	2	
B. Clean Water and Water Reclamation Bond Law of 1988	2	
C. Safe, Clean, Reliable Water Supply Act of 1996	2	
D. State Revolving Fund	3	
E. Water Recycling Project Categories	3	
F. Further Information and Assistance	4	
2.		<b>F</b>
<b>ACILITIES PLANNING CONCEPTS</b>	<b>4</b>	
A. Monetary Analyses	5	
1. Economic Analysis	6	
2. Financial Analysis	7	
B. Recycled Water Market Assessment	7	
C. Market Assurances	10	
<b>PART TWO: PLANNING GRANT PROGRAM</b>	<b>11</b>	
3.		<b>W</b>
<b>ATER RECYCLING FACILITIES PLANNING GRANT PROGRAM</b>	<b>11</b>	
A. Introduction	11	
B. Purpose	11	
C. General Guidelines	11	
D. Grant Process	12	
E. Grant Application	13	
F. Facilities Plan Review and Approval	14	
G. Funding Restrictions and Eligible Costs	15	
H. Disbursement of Grant Funds	15	
<b>PART THREE: LOAN FUNDING PROGRAMS</b>	<b>16</b>	
4.		<b>L</b>
<b>LOAN FUNDING PROGRAMS</b>	<b>16</b>	
A. Program Funding Criteria	16	
B. General Eligibility	16	
5.		<b>W</b>
<b>ATER RECYCLING LOAN PROGRAM PROCESS</b>	<b>17</b>	
6.		<b>S</b>
<b>STATE REVOLVING FUND PROCESS</b>	<b>19</b>	
7.		<b>P</b>
<b>PLANNING REVIEW CRITERIA</b>	<b>20</b>	
8.		<b>F</b>
<b>ACILITIES PLANNING</b>	<b>20</b>	
9.		<b>M</b>
<b>MINIMUM USE REQUIREMENTS</b>	<b>20</b>	
10.		<b>R</b>
<b>DECLAIMED WATER MARKET ASSURANCES</b>	<b>21</b>	

A.	Mandatory Use Ordinances.....	21	
B.	User Contracts.....	22	
C.	Documentation of Future Connections.....	23	
11.			E
	LIGIBILITY CRITERIA.....	23	
A.	Eligible Costs.....	23	
B.	Ineligible Costs.....	25	
C.	Miscellaneous.....	25	
12.			L
	COAN FINANCIAL PROVISIONS.....	27	
13.			D
	DESIGN AND CONSTRUCTION.....	27	
14.			O
	OPERATION.....	28	
	APPENDICES .....	29	
1.			D
	DEFINITIONS.....	A1	
2.			L
	LIST OF ABBREVIATIONS.....	B1	
3.			R
	RECOMMENDED PLANNING OUTLINE FOR WATER RECYCLING PROJECTS.....	C1	
4.			L
	COAN REPAYMENT AND FINANCIAL ANALYSES.....	D1	
5.			O
	ORDER FORM FOR ADDITIONAL INFORMATION.....	E1	

**California State Water Resources Control Board  
Office of Water Recycling**

**WATER RECYCLING FUNDING GUIDELINES**

**April 17, 1997<sup>a</sup>**

---

**PART ONE: BACKGROUND INFORMATION**

---

**I. INTRODUCTION**

The State Water Resources Control Board (SWRCB) has three programs to provide financial assistance to local agencies for water recycling projects. The purpose of these guidelines is to explain the types of assistance available under each program and describe the procedures and funding criteria for applicants to obtain funds. Definitions of terms and abbreviations used in these guidelines are provided in Appendices A and B.

Grant funding assistance is available for water recycling project planning under the Water Recycling Facilities Planning Grant Program (FPGP). In addition, low interest loans are also available for planning under the State Revolving Fund (SRF). Low interest loan funds are available for design and construction of water recycling projects under the Water Recycling Loan Program (WRLP) or the SRF. The guidelines are presented in three parts. The first part includes background information applicable to all funding programs. A description of the FPGP is provided in the second part. Part Three has descriptions of the WRLP and SRF loan assistance programs.

These guidelines apply to all projects that have not received a preliminary grant or loan commitment from the SWRCB as of April 17, 1997. The provisions of these guidelines dealing with mandatory use ordinances for recycled water market assurances do not apply to agencies where their ordinances have received

---

<sup>a</sup> These guidelines were adopted by the State Water Resources Control Board on April 17, 1997.

approval for the current loan application prior to June 16, 1994.

Funding for the WRLP is provided by three bond laws described below. The basis for the FPGP is the Safe, Clean, Reliable Water Supply Act (1996 Bond Law). The SRF is funded by federal grants and various state and local sources. These guidelines are also applicable to the SRF for all water recycling projects except those justified only on the basis of meeting pollution control needs (classified as Category II recycling projects later in these guidelines). In addition to these water recycling guidelines, the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities" (SRF Policy) also applies to agencies applying for an SRF loan. Because of some differences in the laws and policies governing the WRLP and SRF, an SRF applicant should refer to "State Revolving Fund Loan Program Funding for Water Recycling Projects." (Refer to Appendix E to obtain other SWRCB publications related to these programs.)

#### **A. Clean Water Bond Law of 1984**

A Water Reclamation Account was established under the Clean Water Bond Law of 1984 (1984 Bond Law) which authorized up to \$25 million for low-interest loans to municipalities to assist in the design and construction of water recycling projects. Repayments of principal and interest are returned to the Water Reclamation Account to make additional loans. Also, the first \$30 million in principal and interest repaid for loans for wastewater facilities from the Clean Water Construction Grant Account, provided for in the 1984 Bond Law, will be deposited in the Water Reclamation Account. Loans for water recycling projects can be for a period of up to 25 years at an interest rate equal to 50 percent of the rate paid by the State on the most recent sale of state general obligation bonds. A moratorium on payments of principal and interest is not permitted. No single project may receive more than a \$10 million loan from this program. Loans can cover any part of a project up to 100 percent of eligible project design and construction costs.

#### **B. Clean Water and Water Reclamation Bond Law of 1988**

Up to \$30 million was initially available under the Clean Water and Water Reclamation Bond Law of 1988 (1988 Bond Law) for low-interest loans to local public agencies to aid in the design and construction of water recycling projects. In addition, the SWRCB exercised authority under the 1988 Bond Law to transfer an additional \$10 million into the Water Reclamation Account. "Local public agencies" do not include state agencies, which are included in the 1984 Bond Law as part of "municipalities". Loan repayments from these funds do not become part of a



revolving fund as is the case of the 1984 Bond Law. The loan provisions are the same as for the 1984 Bond Law with the exceptions that the maximum loan period is 20 years instead of 25 years, no maximum loan amount per project is specified, and state agencies cannot receive loans.

### **C. Safe, Clean, Reliable Water Supply Act of 1996**

A Water Recycling Subaccount was established in the Safe, Clean, Reliable Water Supply Act (1996 Bond Law) for low-interest loans for design and construction of water recycling projects and for grants for facilities planning of recycling projects. Loans for water recycling projects can be for a period of up to 20 years at an interest rate equal to 50 percent of the rate paid by the State on the most recent sale of state general obligation bonds. A moratorium on payments of principal and interest is not permitted. Loans may cover up to 100 percent of eligible project design and construction costs.

Loan repayments are returned to the subaccount to make additional loans. Grants are limited to \$75,000 per planning study.

### **D. State Revolving Fund**

The State Revolving Fund Loan Program provides low interest loans for planning, design, and construction of collection, treatment, disposal and recycling of municipal wastewater, for implementation of nonpoint source and storm drainage pollution control management programs, and for the development and implementation of estuary conservation and management programs.

SRF loan provisions are similar to those in the bond laws described above for the WRLP. A detailed description of SRF provisions is provided in the SRF Policy.

### **E. Water Recycling Project Categories**

There are four sources of funding under two programs for providing loans for the design and construction of water recycling projects. Because each funding source has its own legal constraints and primary objectives, it is necessary to define four categories of water recycling projects. The categories and their funding sources are described below.

1. Category I. New Water Supply: A cost-effective alternative for augmenting the state water supply by offsetting new freshwater development by reclaiming municipal wastewater. Generally, this category would involve wastewater that is discharged into marine or brackish waters. The recycled water users served must be water users that were using or would have used fresh water without the availability of

recycled water. Category I projects with an eligible cost of less than \$15 million will be funded by the WRLP. SRF funds will be available if the eligible cost exceeds either the funds available in the WRLP or \$15 million.

2. **Category II. Pollution Control:** An essential component of the cost-effective alternative for the treatment and disposal of municipal wastewater to meet waste discharge requirements imposed for water pollution control. Category II projects will be funded only by the SRF.
3. **Category III. Local Water Supply:** A cost-effective alternative that would augment a local water supply by reclaiming municipal wastewater but that may not augment the state's water supply. Development of a local recycled water supply for one area can reduce the availability of recycled water already being used in another area. A project in Category III must not result in a net decrease in the state's water supply. The recycled water users served must be water users that were using or would have used fresh water without the availability of recycled water. Generally, this category would involve wastewater that is being discharged into fresh water or a usable groundwater basin and is being reused indirectly. Category III projects will be funded only by the WRLP with 1996 Bond Law funds.
4. **Category IV. Miscellaneous:** Any water recycling project not included in the other categories. The source of water that is recycled may be municipal wastewater or groundwater that has become polluted primarily because of human activities. The project must be cost-effective based on the project objective. Category IV projects will be funded by the WRLP with 1984 or 1996 Bond Law funds or by the SRF, depending on a case-by-case evaluation of eligibility under the specific funding source.

#### **F. Further Information and Assistance**

To apply for a recycling planning grant or construction loan, complete an application form and submit it and supporting documents to the Office of Water Recycling (OWR) of the SWRCB.

Additional information can be secured by use of the order form in Appendix E. The OWR is available to answer questions and advise the applicant during the planning process. An agency anticipating a possibility of seeking a loan in the future is encouraged to contact OWR early in the planning to ensure that the scope and content of planning will cover the key issues necessary for loan approval. Advice on which category a project would fall in can be provided. The OWR can be

contacted by writing to

Office of Water Recycling  
State Water Resources Control Board  
P. O. Box 944212  
Sacramento, California 94244-2120

This office can also be contacted by telephone at (916) 227-4580 or 227-4400 or by Fax at (916) 227-4595.

## **II. FACILITIES PLANNING CONCEPTS**

The planning process generally comprises three levels of detail--conceptual, feasibility, and facilities. At the conceptual level, a potential project is sketched out, rough costs are estimated, and a potential recycled water market is identified. At this level little investigation has occurred and information is generally preliminary in nature.

At the feasibility level, a preliminary market assessment is performed, including direct consultation with potential recycled water users. Alternative facilities are screened, considering economics, technical constraints, and other factors. The most promising project is then investigated sufficiently to determine whether it is appropriate to proceed to the facilities planning stage.

The facilities planning level represents the final stage of the planning process. Agencies are expected to complete this stage of the planning process at the conclusion of a planning grant or before filing a loan application. At the facilities planning stage, a thorough cost-effectiveness analysis is conducted for all potential alternatives. Such an analysis includes evaluation of economics, environmental and social factors, and technical feasibility. Environmental, technical, and institutional issues are identified and potential obstacles are resolved. All necessary facilities of the recommended project have been identified, and the project is described with sufficient detail to seek funding and approvals by regulatory agencies. Potential recycled water users have been informed of the conditions for using recycled water, including probable price. A detailed market assessment is performed, and a construction financing plan and revenue program are developed.

Agencies initiate formal discussions with suppliers, wholesalers, retailers, and users of the recycled water, and institutional arrangements are decided upon. Market assurances, such as mandatory use ordinances or letters of intent from users, are obtained.

As part of the planning process the agency must conduct an environmental review. Environmental review should be consistent with requirements for obtaining SRF funding from the SWRCB. Guidance is provided in "Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants." It will also be necessary to obtain clearance from the SWRCB's Division of Water Rights regarding compliance with Water Code Section 1211, if the proposed water recycling project will modify a current wastewater discharge to a surface water course by changing the point of discharge, place of use, or purpose of use of the treated wastewater. Because of the time involved in state water rights review, the Petition Unit of Division of Water Rights should be contacted early in the planning process. The SWRCB will not authorize a loan commitment until water recycling requirements have been issued by the Regional Water Quality Control Board (RWQCB).

The completed facilities planning should be documented in a report, which is to be submitted in fulfillment of a planning grant or with a loan application form. The information that should be contained in a facilities planning report is shown in Appendix C. Monetary analyses, market assessment, and market assurances are described in the following sections and Appendix D.

#### **A. Monetary Analyses**

An important factor in the cost-effectiveness analysis of water recycling is an analysis of monetary costs and benefits. Monetary costs and benefits can be analyzed in different ways depending on the use of the results. In water resources planning two general categories of monetary analyses have been established: economic analysis and financial analysis. The purpose of the economic analysis is to determine whether a project alternative is justified by quantifying all monetary costs and benefits regardless of who pays the costs or receives the benefits. The intent is to determine the alternative of least net cost. The economic analysis does not have the viewpoint of any particular public agency or private entity. A financial analysis is intended to determine who pays the costs and receives the benefits and to determine financial feasibility. This analysis should indicate costs and benefits to the recycled water user, the taxpayer, and the water retailer or wholesaler, and the sources of funds to implement the project alternatives being evaluated. A detailed discussion of monetary analyses can be found in Interim Guidelines for Economic and Financial Analyses of Water Projects (see Appendix F to order this).

#### **1. Economic Analysis**

The first step in an economic analysis is to identify all items of increased or decreased cost as a result of each alternative under consideration, including continuing without a project. The economic analysis should include the costs of all future components necessary to obtain the estimated recycled water yield for a project. If a proposed project or loan application is for system component that in itself would be insufficient to produce and transport recycled water to potential users, the costs for all associated facilities should be estimated. Costs experienced by entities other than the project sponsor must also be identified. For example, recycled water users may incur additional costs to convert to recycled water or may incur savings in fertilizer use because of nutrients in recycled water. If indirect reuse is taking place downstream from an effluent discharge, diversion of the effluent for direct reuse may result in increased water supply costs downstream.

The basis of comparison for justifying a water recycling project will depend on which category applies to the project. Some general principles apply to the analysis regardless of category. All monetary values are expressed in current dollars, excluding inflation. Because the debt service or fixed operating costs of existing facilities would not be reduced by use of recycled water, these costs are not included in the economic analysis. In an economic analysis, the present value of all immediate and future cost increases and decreases is calculated, including those experienced by other entities. The present values should be computed using a discount rate (a type of interest rate) specified by the SWRCB. To be able to compare the net cost of recycling alternatives and proposed water supply developments on a common basis, dollars per acre-foot of water developed should be computed. A water recycling alternative is considered economically justified if its net cost is less than the least net cost of other alternatives to achieve the same project objective.

Category I: For Category I the basis of comparison for justifying a water recycling project is a new freshwater supply that will be needed to serve the area of the recycled water project. The appropriate freshwater alternative for comparison is established in the facilities planning report in which the freshwater needs are projected and available facilities are discussed. The costs for use in the economic analysis of the new freshwater supply consist primarily of the capital and operation and maintenance costs of the new freshwater facilities and the variable costs of operating any existing water facilities that are needed in conjunction with the new facilities to deliver the new supply to the same market area as

of the recycled water.

**Category II:** The basis of comparison for Category II projects is the least cost alternative pollution control project that would be needed to meet

Regional Water Quality Control Board waste discharge requirements for the protection of receiving waters.

Category III: The basis of comparison for Category III projects is existing or new freshwater supplies, analyzed similarly to Category I projects. If the effect of recycling would be to reduce the water supply to another agency, the economic effects of this must be included in the analysis.

Category IV: The factors to include in economic analyses will be determined on a case-by-case basis because the basis of Category IV projects may include objectives that do not include water supply, such as environmental enhancement. In general terms the economic analysis will include a comparison with appropriate alternatives to achieve the same project objectives. The economic effects of reduced water supply to another agency must be included, if appropriate.

## **2. Financial Analysis**

The financial analysis actually consists of several analyses. An agency developing a water recycling project must determine the costs and savings it will experience for each potential alternative to determine whether an alternative is financially feasible. It must identify sources of funds to finance proposed alternatives. The construction financing plan and revenue program demonstrate the basic financial feasibility from the perspective of the agency. These are described in Appendix D.

Important information for the recycled water users is the cost or savings they will experience. Recycled water prices must be compared to the cost of fresh water that the users would otherwise use. The costs of on-site conversion to recycled water use must be estimated. Savings in fertilizer use should be considered.

In performing financial analyses, it is appropriate to use inflated dollars for future costs and to use an interest rate in present value analyses that is based on an agency's borrowing cost.

## **B. Recycled Water Market Assessment**

The completion of a detailed recycled water market assessment is a critical element of the facilities planning process and crucial to the success of any water recycling project. A market assessment involves the identification of potential recycled water users, collection of information related to the users, and evaluation of the suitability of the recycled water

to serve the potential market. Information is needed about and from the users to determine design criteria for a recycled water system, a recycled water pricing policy, financial feasibility, the amount and source of fresh water displaced, the institutional framework for the project, and the capability and willingness of users to take recycled water. The suitability of the recycled water is governed both by health and water pollution concerns and by the water quality needs of the users. Costs are a key element in bringing together recycled water and the potential water market. The general expectations of users is that the conditions of recycled water service will be comparable to alternative freshwater supplies, particularly for users already accustomed to taking potable water.

The recycled water market assessment process generally includes two levels of detail--preliminary and detailed. Agencies typically perform a preliminary market assessment during the feasibility planning stage. The preliminary market assessment is developed through consultation with users and provides general data, such as the number of potential users, and the amount and type of potential recycled water use. While this information is adequate to allow an agency to determine whether a project warrants further consideration, additional information is necessary to determine the economic and financial feasibility of the project.

Agencies are required to conduct a detailed market assessment as part of the facilities planning process. The market assessment shall include, as a minimum, all of the users or service area for the capacity of the facilities for which loan funding is or may be requested. Like the preliminary market assessment, the detailed market assessment must be developed through direct consultation with potential users. The following information should be included in the detailed market assessment:

A. General Information

1. List and map of potential users in the study area and types of uses.
2. State and local health department recycled water quality requirements and delivery requirements (backflow prevention, irrigation methods, levels of treatment, etc.) for each type of use.
3. Regional Water Quality Control Board recycled water quality and delivery requirements for each type of use and any restrictions in certain geographical



areas for protection of ground water or surface water.

4. An estimate of the probable water quality of recycled water that could be made available in the future and a comparison of this quality to the health and water quality requirements of potential users.
5. An estimate of future freshwater supply costs to users.
6. An estimate of costs for facilities or modifications needed on user sites to accept recycled water for each type of user site.

**B. Individual User Information**

1. Specific potential uses of recycled water.
2. Location of user.
3. Present and future quantity needs. (For existing water users, present water use should be documented with three previous years of water usage.)
4. Timing of needs (seasonal, daily, hourly demands).
5. Quality needs.
6. Reliability needs regarding availability and quality of recycled water.
7. Needs regarding disposal of used recycled water.
8. Internal capital investment for on-site treatment or plumbing retrofit needed to accept recycled water (also gather data to develop an independent estimate to compare with user's estimate). (This item is required for planning grant recipients only.)
9. Needed savings on recycled water to recover on-site costs or desired pay-back period and rate of return on investment. (This item is required for planning grant recipients only.)
10. Present source of water, present water retailer, cost of present source of water.
11. When user would be prepared to begin using recycled

water.

12. Future land use trends that could eliminate recycled water use, such as conversion of farm lands to urban development.
13. For undeveloped future potential sites, the year in which water demand is expected to begin, current status and schedule of development (with supporting evidence, such as subdivision maps, land use permits, general plan land use designations, irrigated acreages, etc.).
14. Evidence that the prospective user was informed of a potential water recycling project, was asked for a preliminary impression of willingness to use recycled water, and what response the prospective user gave regarding willingness. This evidence may be presented in the forms of a table with a list of users, correspondence from users, or some other record of user response. Users should be informed of applicable health and RWQCB restrictions, potential recycled water quality available depending on treatment level, future cost, and quality of fresh water. (This item is required for planning grant recipients only.)

15. The data listed above may be grouped into categories for numerous small users of similar characteristics. However, please consult with OWR before doing so.

Determination of the market for recycled water in future development depends upon various sources of information of varying reliability. For near-term development that is proposed for inclusion in the ninth-year eligible capacity, information will generally be expected directly from land developers of their intentions, following the model format available from the Office of Water Recycling. This information shall be submitted for review before facilities plan approval is issued. Undeveloped sites may be included as part of the first year delivery commitment if the development has proceeded sufficiently through design and received sufficient approvals and permits that the SWRCB can safely assume that the user will be ready to accept recycled water upon completion of construction of the recycling project.

The preparation of the market assessment should not be viewed as a data collection exercise, but as an integral step in the recycled water marketing process. Potential customers should be familiarized with details of the proposed project, including the proposed project schedule, the projected water quality and reliability, and the projected price of recycled water in comparison with alternative water supplies (if such water supplies would be available to the customer). An agency that has adopted a mandatory use ordinance should also provide information about the ordinance and the customer's responsibility under the ordinance. Evidence of this effort to inform potential users (e.g., a copy of the information package provided to potential users) should be included in the detailed market assessment. The detailed market assessment should be documented in the facilities planning report.

### **C. Market Assurances**

Reclaimed water market assurances serve to ensure that the water produced by a project will be utilized within the time frame envisioned in the facilities planning documents. Market assurances take the forms of 1) binding measures to ensure the participation of recycled water users upon initial project operation and 2) the agency's plans for connecting additional users later to fulfill the entire eligible capacity of the project. The binding measures for securing the initial recycled water users generally take two forms: 1) mandatory use ordinances in which potential users are mandated to participate in the project or 2) user contracts in which potential users voluntarily commit themselves to participate in the project. The two forms of assurances are described in Section IX in Part

**Three. Which approach to take should be evaluated during facilities planning.**

---

## **PART TWO: PLANNING GRANT PROGRAM**

---

### **III. WATER RECYCLING FACILITIES PLANNING GRANT PROGRAM**

#### **A. Introduction**

The Water Recycling Facilities Planning Grant Program (FPGP) provides grants to public agencies for facilities planning studies for water recycling. The program is administered by the Office of Water Recycling (OWR) of the SWRCB. The grant program's statutory requirements, policies and procedures are provided in this section.

#### **B. Purpose**

The purpose of the FPGP is to assist local agencies in the preparation of facilities planning studies for water recycling using treated municipal wastewater. In addition to encouraging new recycling planning studies, the SWRCB intends that these funds be used to supplement local funds to enhance the quality of local planning efforts and to produce documents needed by the SWRCB to evaluate applications for design and construction loans if a cost-effective project is identified.

#### **C. General Guidelines**

Public agencies may apply for the grants. Grants will be provided for facilities plans to determine the feasibility of using recycled water that will offset new freshwater development and augment the state's or a local water supply. Pollution control studies, in which water recycling is an alternative, will not be eligible for a grant. The grant will cover 50 percent of eligible costs up to a maximum grant of \$75,000.

Each grant must result in a complete facilities planning report. The report will include an analysis of all of the essential components of potential operable projects. The plan will designate a potential recycled water service area and analyze the feasibility of serving all or portions of the designated study area. An agency may receive more than one grant. The OWR will not recommend approval of a grant application if the scope of the study is not sufficiently distinct from previous studies performed by an agency.

The SWRCB will establish a time limit in its resolution of grant approval for submitting a final facilities planning report. The allowable time will be the time estimated by the

agency in the grant application to prepare and submit a final facilities planning report. This limit will be the basis of the grant contract term. At any point during a grant an agency may submit one request for an extension of the grant term and an increase in costs accompanied by a justification. After review of the request, OWR may approve an extension of the grant contract of up to twelve months from the date specified in the SWRCB resolution or an increase in maximum grant by up to 50 percent from the amount authorized in the resolution. OWR staff shall bring to the SWRCB for approval 1) any increases in grant contract term or amount beyond these amounts or 2) additional requests for changes after the first one. After approval, a grant contract amendment will be processed, subject to approval, if necessary, by the Department of General Services.

#### **D. Grant Process**

The overall process of a FPGP grant is illustrated in the following flow chart.

Request grant application for package	Grant application is distributed to interested party upon request.
Grant application submittal	Agency submits grant application, including plan of study.
OWR reviews application	OWR reviews grant application.
Application review meeting	OWR and agency meet to discuss the plan of study and grant program procedures
SWRCB authorizes grant	SWRCB approves proposed grant, authorizes a grant commitment and subsequent grant contract to agency.
Grant contract execution	OWR drafts grant contract, agency and SWRCB execute contract, contract approved by Department of General Services.
Agency submits draft	Agency undertakes facilities planning study, drafts a plan, and submits draft to OWR.

facilities plan	
Plan review	OWR reviews draft plan for clarity and completeness, submits comments to agency.
50% payment	OWR processes 50 percent grant payment.
Final facilities plan submittal	Agency revises draft facilities plan and submits final plan to OWR.
Facilities plan approval and final payment	OWR approves final facilities planning report and processes 100 percent grant payment.

### **E. Grant Application**

The grant application will consist of an application form, a resolution by the agency authorizing the grant application, and a plan of study.

The plan of study should describe the nature and scope of the proposed facilities planning study. The following components should be included:

1. A description of the recycled water service area that will be investigated.
2. The sources of recycled water that will be investigated and a brief summary of the unit processes currently in use at existing treatment facilities.
3. A description of the current fate of the effluent that could be recycled.
4. A map of the study area showing the sources of recycled water and potential service area.
5. Identification of the water supply and wastewater agencies having jurisdictions over the sources of recycled water or the potential service area.
6. General description of water recycling and freshwater supply alternatives that will be evaluated.

7. A description of the opportunities for participation of the public, potential recycled water users, and other affected agencies in the study.
8. A schedule with the starting and completion dates of specific tasks associated with the facilities planning study.
9. A list of potential problems that could cause delays in the progress of the study and description of the means to reduce the impact of these potential problems.
10. Identification of the entities that will be conducting the study and description of their roles; description of proposed subcontracts with consultants or interagency agreements with other agencies, and any force account work.
11. Proposed budget for study, including estimated costs of specific tasks, sources of financing, sources of funds for cash flow until grant reimbursement.

After an initial review of the application, the OWR will schedule a meeting with the agency to discuss the plan of study and grant program procedures. Upon completion of application review by OWR, the application will be presented to the SWRCB with staff recommendation whether to approve and authorize execution of a grant contract.

#### **F. Facilities Plan Review and Approval**

The facilities planning study consists of facilities planning and associated environmental impact analysis. Where a recommended project has been identified, completion of the study for the purposes of the grant consists of submittal of the following items:

1. a final facilities planning report that fully documents all aspects of the study
2. a copy of a resolution certifying or adopting the environmental document as required under the California Environmental Quality Act.

Background information on facilities planning, monetary analyses, recycled water market assessment, and recycled water market assurances is found in Part One of these guidelines. Appendix C includes an outline of information that should be obtained or issues that should be addressed during facilities



planning. The information and analysis of issues are documented in the facilities planning report. The report must include an analysis of all of the essential components of potential operable projects. The level of detail should be commensurate with the size and complexity of the proposed project. While some factors listed in the outline may not be relevant to a particular project, all should at least be considered. If the conclusion of the study is a recommendation to proceed with implementation of a water recycling project, the agency should have completed initial work on assuring a recycled water market and drafted any necessary water recycling ordinances and/or interagency agreements.

During the course of planning, it may be concluded that a viable recycling project cannot be recommended. In this case, after consultation with the OWR and approval, the planning may be terminated before completion of all of the tasks specified in these guidelines. The results of the work completed and the basis for the conclusion should be documented in a report. After submittal of the report, the agency will receive grant funds for the work completed in the study and preparation of the report.

While it is appropriate to extract information from previous studies, the product submitted for a grant should not be an assemblage of copied material. Any extracted material should be revised and made consistent as needed prior to incorporation in a facilities planning report.

Environmental review should be consistent with requirements for obtaining SRF funding from the SWRCB. Guidance is provided in "Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants."

An essential component of facilities planning is to identify the potential recycled water users that will participate in the recommended project. The agency should have determined how it will secure the recycled water market, generally through recycled water user contracts or use of a mandatory use ordinance. At the conclusion of facilities planning, the agency should either have obtained letters of intent to use recycled water from potential users or drafted a water recycling mandatory use ordinance and contacted all potential users regarding the project.

#### **G. Funding Restrictions and Eligible Costs**

An agency may conduct the facilities planning study by force account with its own resources or by contract with consulting firms or another public agency. Costs incurred either way are eligible insofar as they are for work within the scope of work

approved in the grant application. A billing code should be established by the agency to assign grant eligible costs. In general, force account eligible costs will be limited to direct costs, including labor overhead, chargeable to the planning study. More specific guidance is provided in WRLP "Guidelines on Force Account Eligible Costs." If the agency uses consulting services, the scope of work for the services should distinguish between grant-eligible and ineligible work and such work should be billed separately. It is recommended that the agency provide an opportunity for the OWR to review the consultant contracts prior to their execution to ensure that the scope of work separates grant-eligible tasks from other tasks for billing purposes.

Eligible costs are costs incurred after execution of the grant contract.

A grant will be provided to reimburse the agency for 50 percent of eligible costs up to a maximum grant of \$75,000. The remaining 50 percent share of costs is the responsibility of the agency, but may include grants or loans from other entities, such as federal, state, or regional agencies. To prevent duplication of funding, the grant will be reduced if the agency receives more than 50 percent financial assistance from other sources.

#### **H. Disbursement of Grant Funds**

Grant funds will be provided in two disbursements. Disbursement of 50 percent of the total estimated grant will be made upon submittal of a draft facilities plan. A final disbursement will be made after approval by the OWR of the final facilities plan, including associated documents, such as the environmental impact analysis.

Requests for disbursement will be made on forms provided by the OWR. The requests must be accompanied by documentation, including a copy of consulting contracts, billings from consulting firms, and a monthly summary of agency staff hours and associated costs.

---

## **PART THREE: LOAN FUNDING PROGRAMS**

---

### **IV. LOAN FUNDING PROGRAMS**

The Water Recycling Loan Program (WRLP) and the State Revolving Fund Loan Program (SRF) provide low interest loans to local agencies to design and construct water recycling projects. Water recycling loan applications are processed by the Office of Water Recycling (OWR) of the SWRCB. The purpose of the WRLP is to encourage the development of cost-effective water recycling projects by providing low interest loans to local agencies to lower the cost of reclaiming and reusing treated wastewater.

#### **A. Program Funding Criteria**

Generally, available funds will be committed to projects for which facilities planning is complete, provided the project meets the loan program requirements and is ready to proceed. However, the SWRCB reserves the right to manage the program to achieve the best use of loan funds. For example, the SWRCB may reserve funds for projects deserving special consideration or offer partial loans to achieve the maximum use of available loan funds.

Multiple-purpose projects may consist of components in more than one category. The components will be analyzed in accordance with the criteria of the applicable category and eligibility will be established accordingly.

Depending on the source of loan funds, there may be a cap on the total amount of a loan. The SWRCB establishes a cap on SRF loan funds annually based on the availability of SRF funds. There is a \$10 million statutory cap per project for loans made from 1984 Bond Law funds. The SWRCB has established a \$15 million cap per project for loans made from 1996 Bond Law funds.

#### **B. General Eligibility**

The general basis of eligibility of a water recycling project is established in the various bond laws and the SRF statutes, regulations, and policies. Projects for reclaiming ground water, including desalting and nitrate removal projects, are eligible under the WRLP (1996 Bond Law funds only) if the water to be treated has become unusable primarily because of human activities. Under the SRF, funding is restricted to projects reusing water of municipal wastewater origin. All projects must be cost-effective based on the project objective and the

available alternatives to achieve the objective.

While the loan terms for the WRLP and the SRF are essentially the same, such as interest rate, there are some important procedural and eligibility differences that can jeopardize funding under one program or the other if applicants are not alert to program requirements from the commencement of project planning through completion of construction. As an agency begins planning, it may not be possible for the SWRCB to assure the agency of which program might be available for funding for Category I and IV projects. In addition, because the SWRCB incorporated the Water Reclamation Account of the 1984 Bond Law into the SRF as a subaccount in order to secure additional federal matching funds, certain SRF requirements will apply to 1984 Bond Law loans. Therefore, all potential loan applicants for Category I, II, and IV projects should place their proposed projects on the SRF priority list and follow SRF environmental procedures.

It is the policy of the SWRCB that loans from the WRLP or the SRF shall be provided to cover 100 percent of eligible costs, excepting annual loan caps that may be established by the SWRCB. The agency may receive funds from other local, state, or federal programs to pay for ineligible costs or a share of eligible costs, provided that there is no duplication of funding of eligible components.

All applicants will be subject to the SWRCB "Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants." The SWRCB cannot authorize a loan until the environmental review process is complete. The SWRCB must be notified immediately of any change in the project after completion of the environmental review process or after facilities plan approval (also called concept approval) by the SWRCB. Such changes may result in the need to revise environmental documents.

#### V. WATER RECYCLING LOAN PROGRAM PROCESS

The WRLP loan application process begins with the OWR staff distributing loan application packages to interested agencies upon request. The completed applications, including project planning documents, are submitted by the applicant for review.

The OWR staff make a preliminary determination regarding the appropriate category assignment and which source of funds is most appropriate to fund the proposed project. After the OWR staff has determined that the loan application is complete, that is, that project planning is complete and all other application requirements have been met, that the project is ready to proceed, and that loan funds are available, staff will

issue facilities plan approval. The application will then be presented to the SWRCB for approval of a preliminary loan commitment and subsequent loan contract. If loan funds are not currently available, consideration may be given to reserving future repayments returning to one of the revolving funds.

If OWR determines that a proposed project is not cost-effective, OWR will provide a written explanation to the agency. Upon request by the agency, the OWR will bring the proposed project before the SWRCB with the explanation of the decision of OWR and the agency's request for review and authorization for facilities plan approval.

The preliminary loan commitment will expire at the end of the time period specified in the SWRCB resolution approving the loan commitment. The end of the period will be 8 weeks after the applicant's scheduled date for submittal to the state of final plans and specifications to account for time for the Division of Clean Water Programs (Division) to review plans and specifications. If biddable plans and specifications are not received and approved by the expiration date of the preliminary loan commitment, the OWR may approve up to a 90 day extension for a good cause.

The procedures and administration of the SRF differ somewhat from the WRLP. Refer to the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities" (SRF Policy) for projects funded under the SRF. The procedures described below apply to the WRLP.

Submittal of preliminary design plans for review by the OWR is encouraged, but not required. Once the project design is completed, OWR reviews and approves the plans and specifications, final market assurances, construction financing plan, and revenue program. An approval to advertise is then issued to the applicant, and a loan contract is drafted. When the applicant has awarded the construction contract, the loan contract is executed and loan disbursements may commence. Loan repayments from the applicant to the SWRCB must begin within two years after the date of the loan contract. The entire application process is summarized below.

Request for application package	Application is distributed to interested party upon request.
Facilities planning and	Agency does planning without financial assistance from the Loan Program. OWR staff

environmental compliance by applicant	is available for meetings and guidance. Agency must comply with environmental review, water rights, State Health Department, and other requirements.
Application completed	Agency submits completed application, authorizing resolution, and planning documents to SWRCB.
SWRCB review	OWR staff reviews and comments on the application and planning documents. Agency prepares responses, if necessary.
Project facilities plan approval and eligibility determination	OWR staff issues project facilities plan approval, makes preliminary eligibility determination and determines availability of loan funds.
SWRCB authorizes loan	SWRCB approves the proposed project, authorizes a loan commitment and subsequent loan contract to the agency.
Design submittals	Agency submits 100% design submittal, including cost estimate, construction financing plan, revenue program, final market assurances, and plan for the use of remaining project capacity.
Design review and approval to advertise	OWR staff reviews and comments on the design submittal; Agency prepares responses, if necessary. Staff makes final eligibility determinations, issues approval to advertise the construction contract, and drafts a loan contract.
Construction contract award	Agency awards construction contract and submits related information to OWR.
Loan contract issued	SWRCB and agency execute loan contract.
Loan disburse-	Agency requests loan disbursements. SWRCB

ments to agency	issues loan disbursements to agency.
Construction monitoring	Staff monitors status of construction and of users converting to recycled water use, reviews final revenue program. Agency submits financial report and final project summary after completion of construction.
Loan repayments to SWRCB	Agency begins loan repayments within two years after date of loan contract.
Annual Reports	Agency submits reports annually for the specified period (See Section XIV).

#### **VI. STATE REVOLVING FUND PROCESS**

The procedures and administration of the SRF are described in the SRF Policy. Category II recycling projects are administered under the SRF Policy only. In addition to the SRF Policy, the Water Recycling Funding Guidelines are applicable to the Category I and IV water recycling projects funded under the SRF. A copy of the SRF Policy may be obtained by request (refer to Appendix E).

## **VII. PLANNING REVIEW CRITERIA**

In order for a project to be approved for a loan, a project must be cost-effective. A water recycling project will be considered cost-effective when, compared with the development of other alternatives to achieve the project objective, the proposed project will result in the minimum total resources costs over time to meet project objectives. Resource costs to be evaluated include monetary costs as well as nonmonetary factors, including social and environmental effects. An economic analysis, which considers all monetary costs associated with each alternative, is given primary consideration unless other factors are overriding. Other important factors include an assessment of the recycled water market, availability of recycled water, financial feasibility, energy consumption, and engineering.

## **VIII. FACILITIES PLANNING**

OWR staff will not consider a loan application for funding until the facilities planning process has been completed. Agencies are encouraged to notify OWR staff of their interest in applying for a loan early in the planning process. OWR staff can then advise agencies about the availability of funding and assist agencies in developing facilities planning documents that comply with funding guidelines and preparing loan applications. The facilities planning concepts discussed in Part One will be applicable. If the loan application and supporting documents are incomplete, the applicant will be advised about what additional information is necessary. Funds are available to assist in facilities planning either through the FGP or an allowance under the SRF. No planning cost allowance is available under the WRLP.

## **IX. MINIMUM USE REQUIREMENTS**

Existing users are expected to begin use in the first year of operation unless phasing of these users is justified. Projects are expected to reach certain minimum usage levels during the operating life of the project. These minimum levels are based on the eligible project capacity determined in accordance with Section XI.A.6. These minimum usage levels are explained below.

- A. At least 50 percent of the total eligible project capacity must serve users that will exist by the time of completion of construction. (See Appendix A for definition of "existing user".)



- B. Generally, all existing water users proposed to be included in the eligible project capacity will be expected to be connected to the system upon initial project operation. Proposals to connect existing users after initial project operation must be approved in the facilities plan approval based on the market assurances explained in Section X.C.

- C. During the first year of project operation, the agency will be expected to use at least 25 percent of the eligible project capacity. The agency will also be expected to reach use of the total project capacity in accordance with the schedule of project usage approved in the facilities plan approval.

#### **X. RECLAIMED WATER MARKET ASSURANCES**

Documentation is required to provide an assurance of participation of users in the project. Existing users must be covered by a mandatory use ordinance or user contract. Documentation must be provided if phasing of project usage is proposed. These provisions are explained below.

##### **A. Mandatory Use Ordinances**

A mandatory use ordinance is a law adopted by a retail water purveyor requiring the use of recycled water in place of another source of water. For the ordinance to be an acceptable form of market assurance, it shall contain certain provisions:

1. Specification of the types of use of water for which recycled water must be used.
2. Specification of the conditions under which recycled water must be used or new development must be plumbed for future recycled water use.
3. Procedure for determining which water users are required to either convert to recycled water service or be plumbed to accept recycled water upon new water service.
4. Procedure to provide notice to potential users that they are subject to the ordinance and specification that the notice include information about the project, the responsibilities of the users under the ordinance, the price of the recycled water, and description of the on-site retrofit facilities requirements.
5. Procedure for request by the users for a waiver.
6. A penalty for noncompliance with the ordinance. Acceptable penalties are discontinuance of freshwater service, a freshwater rate surcharge of at least 50 percent of the freshwater rate, or an equally effective penalty.

If the agency implementing the recycled water project does not

have the legal authority to enforce a mandatory use ordinance (for example, a sewerage agency), the mandatory use ordinance may be implemented by the retail water purveyor.

The OWR staff will review a copy of the adopted ordinance along with the loan application. Facilities plan approval of the project will establish the eligible capacity of the project based on the market assessment.

The SWRCB's resolution approving a loan commitment will include a requirement that the local public agency submit either 1) copies of letters of intent to participate in the project or 2) copies of the notifications to the users subject to the ordinance, a statement of whether any notified users appealed the conditions of recycled water use, and documentation showing the disposition of any appeals. The resolution will require that these items be submitted to the OWR staff before approval to advertise for construction, but in no case later than six months from the date of the resolution. The OWR staff will have 60 days from the date of receipt of submittals to approve or reject them, otherwise the submittals will be considered adequate. The SWRCB's resolution will include a provision that if the agency does not submit these items within six months or if the submittal is considered inadequate by the OWR staff, the resolution is null and void, and the project will need to be resubmitted for approval. Submittal of copies of letters of intent or notifications of users may be waived by OWR for users that have their sites already plumbed and metered for use of recycled water, but are temporarily using potable water. Considerations for a waiver will include, but not be limited to, the number of years of successful recycling experience of the agency and the type of water use.

There may be limitations on the application of mandatory use ordinances. Certain potential users may not be subject to the ordinance for various reasons, for example, a user may not be obtaining water service from the agency with the ordinance or the user may be outside of the service area of the agency. In such situations, user contracts may be expected to cover users intending to take recycled water during the first year of operation. The ordinance shall apply to sufficient users such that in aggregate they represent most of the recycled water deliveries for water users that will exist by the time of completion of construction.

#### **B. User Contracts**

A user contract is a binding agreement between recycled water purveyors and users, signed by both parties. For the OWR staff to accept a user contract as an acceptable form of market

assurance the contract must contain certain provisions:

1. A commitment to use the recycled water for a minimum period of 10 years.
2. The amount of recycled water the user intends to take annually.
3. The sites and the types of use of the recycled water.
4. Specification of the conditions of recycled water use, including the water quality.
5. The price of the recycled water.
6. Description of the regulatory and water purveyor requirements for on-site retrofit facilities needed to convert from freshwater to recycled water.
7. Date when recycled water use will commence.

User contracts are required from sufficient users such that in aggregate they represent most of the recycled water deliveries for water users that will exist by the time of completion of construction. The agency must submit with the loan application letters of intent from the proposed recycled water users intended to execute user contracts. The content of the letters should follow the model format provided by the Office of Water Recycling. The user contracts shall be submitted before OWR approval to advertise for construction.

### **C. Documentation of Future Connections**

If the agency proposes to connect users after initial project operation, market assurances should include a description and schedule of the future connection of users to the eligible project facilities. Anticipated delay in connection of existing users after initial project operation should be supported by adequate reasons for the delay in connection and a firm schedule for the construction of facilities to make the connections. The plan for use of the full eligible project capacity or pipeline capacities should be submitted with the loan application and updated, if necessary, with the submittal of final plans and specifications. An approved schedule of deliveries to reach the eligible project capacity will be included in the facilities plan approval.

## **XI. ELIGIBILITY CRITERIA**

The following eligibility policies have been established by the SWRCB regarding costs and types of projects eligible and ineligible for loans.

**A. Eligible Costs**

1. Costs of construction for water recycling treatment, storage, and distribution systems shall be eligible for loans.
2. Allowances:
  - a. WRLP: The eligible cost may include an allowance, if requested by the loan recipient, to cover engineering, legal and administrative services associated with the design and construction of the eligible recycling project. The amount of such allowance shall be up to 15 percent of the eligible cost of construction.

In addition, the eligible cost may include an allowance, if requested by the loan recipient, to cover design services only for design costs of future phased expansions of facilities on the same site as facilities to be constructed as part of the loan. The phased expansions may include a capacity for up to 20 years after completion of construction. The amount of the allowance shall be up to 10 percent of the engineer's estimate of the construction cost of expansions based on 100 percent design.
  - b. SRF: The eligible cost may include allowances for facilities planning, design, construction management, administration, and prime engineering. The SRF Policy should be consulted for details.
3. Project facilities which are eligible must remain in public ownership and have provision for adequate operation and maintenance and adequate right-of-way.
4. Reclaimed water distribution systems from the source of supply to the property line of the reuse sites shall be eligible for a loan. Eligibility of a system on the property of the user should be limited to:
  - o Reclaimed water service line up to and including the water meter if the meter is located in the proximity of the property line.
  - o Reclaimed water service line up to a main storage facilities serving the user on the reuse site or, if

there are more than one use areas that are widely separated on the property, up to the point of initially dividing the water flow.

5. A recycled water distribution pipeline shall be eligible if the terminal point serves a user that is committed by mandatory use ordinance or by user contract to take recycled water during the initial operation of the project. If only a portion of a pipeline serves users secured by a firm commitment, then eligibility shall extend to the most downstream user secured by a firm commitment.
6. The capacity of a project eligible for a loan shall be that capacity which can be used within nine years of completion of construction. However, pump station wet wells and buried pipelines at the treatment facility or in the distribution system shall have an eligible capacity of up to twenty years when documented by a market assessment showing the twenty year service area and identifying and analytically projecting all existing and future uses to be served by the recycled water pipeline proposed for loan funding. These eligible capacities are measured in terms of annual recycled water deliveries. Eligible sizes of facilities components are based on reasonable design criteria, including peaking factors, to serve these annual deliveries. There shall not be any restriction on the capacity of a project. Capacity in excess of the eligible project shall be funded with funds other than the SWRCB loan. Eligible costs for partially eligible capacity will be determined on an incremental cost rather than pro rata cost basis.
7. Agencies constructing pipelines or treatment facility capacity in excess of that which can be utilized within five years of completion of construction must demonstrate that adequate reclaimable water supplies will be available to support that future capacity. This documentation may take the form of: 1) an urban water management plan or equivalent water supply planning document which specifically identifies measures intended to assure that, in a year of normal supply and demand, an adequate supply of water will be available to support the projected growth in wastewater flows or, 2) certification by the agency that existing tributary wastewater flows will meet or exceed the capacity of the proposed recycling project at the time of the completion of the project.
8. Reasonable costs to provide an emergency backup water supply for the recycled water system are eligible.

**B. Ineligible Costs**

1. The following costs are not eligible for WRLP loan funds:
  - o costs of planning for a project
  - o costs of applying for a loan
  - o costs of land, easements, and rights of way
  - o costs for operation and maintenance of project facilities
  - o legal and court costs resulting from violation of state and federal laws, excluding the cost of capital facilities required to be built as a condition or result of a legal or court settlement.
2. Eligible costs of construction performed by the loan recipient's work force shall not include indirect costs, that is, expenses not readily identifiable with the eligible recycling project, such as ordinary operating expenses of the loan recipient. A more detailed discussion may be found in "Water Reclamation Loan Program Guidelines on Force Account Eligible Costs."

### C. Miscellaneous

1. Multiple-purpose projects shall be eligible in proportion to the costs allocated to water recycling. In addition, projects utilizing supplemental sources of water are eligible in proportion to the costs allocated to the recycled water. An example of a multiple-purpose project would be a ground water recharge project that percolates both storm water runoff and treated wastewater. For projects using multiple sources of water, costs will be allocated to each source on a pro rata basis.
2. Projects for reclaiming ground water, including desalting and nitrate removal projects, are eligible under the WRLP (1996 Bond Law funds only) if the water to be treated has become unusable primarily because of human activities. This includes municipal, industrial, or agricultural activities. The degraded source water may be provided to the project directly, such as from a wastewater treatment plant, or indirectly, such as pumping from a brackish or polluted ground water basin. Projects for desalting naturally occurring saline or brackish waters are not eligible for a loan.
3. Recycling of industrial wastewater is eligible for a loan provided the loan applicant is a municipality, public agency, or a local public agency, depending on the source of loan funds, as defined in Appendix A. In-plant recycling projects are not eligible for a loan.
4. Project changes are permitted after approval of the project

by the SWRCB, provided that there is no change in the scope of the project. If there is a change in scope of a project, the OWR staff shall bring the project to the SWRCB for reapproval. The scope of a project is considered to have changed if there is any of the following:

- a. A decrease in the recycled water deliveries projected for the ninth year following completion of construction by more than 15 percent.
- b. A change required in the environmental documents prepared under the California Environmental Quality Act such that the SWRCB is required to reconsider the environmental documents.
- c. An increase in the total economic cost of the project such that the cost exceeds the alternative benchmark, such as the freshwater cost, by more than 15 percent.
- d. An increase in the total eligible project cost such that it exceeds the preliminary loan commitment amount by more than 50 percent.
- e. An adverse effect on the engineering or financial feasibility of the project.

The SWRCB Project Manager shall be promptly informed of project changes during construction. Because changes may affect project eligibility or require reapproval by the SWRCB, substantial changes during construction should be approved before initiating the change.

The maximum loan amount will be based on bid amount at the time of award of the construction contract, as described in Section XII. All project changes during construction that result in cost increases above the maximum loan amount shall be the responsibility of the loan recipient. Changes during construction may result in decreases in eligible costs. Such decreases may offset cost increases for eligible project costs. Eligible cost increases may result from 1) overruns in quantities beyond estimates in original bids for eligible work specified at the time of bid or 2) change orders for changed work which has been approved for eligibility. The final loan amount will be adjusted downward for any decreases in eligible cost items less any eligible offsetting cost increases, up to the maximum loan amount. Change orders will be reviewed for eligibility only if there is a request from the loan recipient and there is an offsetting cost decrease.



5. Retroactive funding of construction is not eligible for loan funds under the WRLP, with the exception that eligibility may be reserved for advance construction of minor portions of a proposed project with prior approval by OWR staff. Advance construction is not eligible for any facilities commencing construction before submittal of the loan application. Advance construction shall be justified based on the cost savings or time coordination with the main portion of the project. Prior approval does not constitute an assurance of final eligibility. Such eligibility is determined at the time of plans and specifications approval of the main project. The SRF Policy should be consulted for the retroactive funding policy under the SRF.

## **XII. LOAN FINANCIAL PROVISIONS**

The provisions for the disbursement and repayment of loan funds under the SRF are discussed in the SRF Policy. The following discussion on loan provisions applies only to the WRLP. Successful loan applicants will receive loan funds during project construction based on evidence of satisfactory construction progress. No loan funds will be advanced during design. Interest charges on loan funds begin to accrue as soon as loan funds are disbursed. The maximum loan amount will be based on bid amount at the time of award of the construction contract. An allowance for design costs and engineering, legal, and administrative costs may be included. Increases in the loan amount will not be permitted due to changes in cost during construction. The standard loan provisions will provide for equal annual repayments for a 20-year term following the date of the loan contract. However, shorter repayment periods are encouraged and may be imposed. The repayment will consist of principal and interest. The initial repayment shall be made not later than two years after the date of the loan contract. Additional details regarding the financial aspects, as well as general contractual requirements, can be found in Appendix D and in the model loan contract, which can be obtained upon request (refer to Appendix E).

## **XIII. DESIGN AND CONSTRUCTION**

Before a project can receive approval to advertise the construction contract under the WRLP or plans and specifications approval under the SRF, Division staff must ensure that:

1. The design is consistent with the project described in the facilities plan approval;

2. The construction contract documents comply with all state and, if applicable, federal administrative requirements and contain provisions specified in the loan contract;
3. Agency has the required market assurances; and
4. All other state and facilities plan approval conditions have been met.

The procedures applicable to design, plans and specifications review, and approval to award construction for the SRF are described in the SRF Policy. The following discussion applies only to the WRLP. Staff must review final plans and specifications and other documents before issuing approval to advertise. The final design submittal consists of the following: 1) complete, biddable, and signed plans and specifications; 2) a detailed, itemized engineer's cost estimate; 3) updated revenue program; 4) updated construction financing plan and; 5) recycled water market assurances.

Promptly upon award of the construction contract or contracts, the agency shall notify the SWRCB Project Manager of the award.

The notice shall be accompanied by a tabulation of bids received, the most recent engineer's estimate of project cost, a copy of the lowest acceptable bid proposal, a description of any bid protest received together with a description of how the protest was resolved, a copy of any project changes or addenda issued since approval to advertise was given, and a copy of the signed construction subcontract. If the agency awarded to anyone other than the apparent low bidder, the reasons for not awarding to the apparent low bidder shall be provided.

#### **XIV. OPERATION**

Agencies are encouraged to adopt a recycled water ordinance or regulation to ensure the long term successful operation of a recycling project in compliance with health, safety, and water quality requirements. A recycled water ordinance can include conditions under which users accept recycled water and define the requirements for on-site facilities design, construction, operation, monitoring and inspection, connection fees and service charges, enforcement, and penalties. An ordinance can ensure that certain design criteria and standards incorporated into the original project can be carried on in project expansion as new users are added.

Agencies are also encouraged to prepare a recycled water user manual. The manual is used by personnel employed by users of

recycled water who handle recycled water on a daily basis, such as park maintenance staff. The manual, usually a two to ten page guide, would cover in simplified language such topics as irrigation scheduling, precautionary measures, emergency procedures, control of runoff, and routine maintenance. It can also include a simplified description of the treatment that recycled water receives before reuse and the overall recycled water system.

Once the project begins operation, the project will be monitored for progress in connecting recycled water users and delivering recycled water. Annual reports must be submitted by the loan recipient until at least one full year after all proposed users are connected up to a maximum of nine years.

**APPENDICES**

- A. DEFINITIONS**
- B. LIST OF ABBREVIATIONS**
- C. FACILITIES PLANNING REPORT OUTLINE**
- D. LOAN REPAYMENT AND FINANCIAL ANALYSES**
- E. ORDER FORM FOR ADDITIONAL INFORMATION**

**APPENDIX A****DEFINITIONS**

**Award of Construction Contract:** The formal approval of selection of a construction contractor by the governing board of the agency.

**Completion of Construction:** The date, as determined by the Division of Clean Water Programs after consultation with the loan recipient, that the construction of the project is substantially complete.

**Construction Financing Plan:** The demonstration of the financial capability to design and construct a project.

**Cost-Effectiveness Analysis:** An analysis to determine which project alternative will result in the minimum total resources cost (opportunity cost) over time to meet the project objectives, including local, state and federal requirements.

**Economic Analysis:** The procedure to determine the total monetary costs and benefits of all the resources committed to a project regardless of who in the society contributes them or who in the society receives the benefits.

**Eligible Water Recycling Project:** A water recycling project that is cost-effective based on the project objective when compared to the appropriate alternatives to achieve the objective. The project shall comply with applicable water quality standards, policies, and plans.

**Existing user:** An entity that currently exists or will exist before the completion of project construction and is using or would be expected to use fresh water if recycled water were not made available.

**Financial Analysis:** The procedure to determine financial feasibility through the determination of expenditures and incomes of or other financial impacts on the agency implementing the project, recycled water users, or others affected by the project.

**Future user:** An entity that currently does not exist and will not exist before the completion of project construction.

**Local Public Agency:** Any city, county, district, joint powers authority, or any other local public body or political subdivision of the state created by or pursuant to state law

and involved with water or wastewater management (based on 1988 Bond Law). State agencies are not included in this term.

**Municipality:** Municipality shall have the same meaning as in the federal Clean Water Act (33 U.S.C. Sec. 1251 et. seq.) and shall also include the state or any agency, department, or political subdivision thereof (based on 1984 Bond Law).

**Planning Period:** The period over which a water development project is evaluated for cost-effectiveness. This period is not necessarily the same as the useful lives of the facilities under consideration. The planning period begins with the system's initial operations and is defined to be 20 years for the Water Recycling Loan Program.

**Preliminary Grant Commitment or Preliminary Loan Commitment:** A formal action by the SWRCB approving and reserving funds for a study or project.

**Public Agency:** Public agency shall have the same meaning as municipality.

**Recycled Water:** Water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur. (This term is synonymous with "reclaimed water".) (Based on California Water Code, Section 13050(n).)

**Revenue Program:** The demonstration of the financial feasibility of a project for the period after operation has begun.

**Water Recycling:** The process of treating wastewater to produce water for beneficial use, the storage and distribution of recycled water to the place of use, and the actual use of recycled water.

**APPENDIX B****LIST OF ABBREVIATIONS**

CEQA	California Environmental Quality Act
Division	Division of Clean Water Programs
FPGP	Water Recycling Facilities Planning Grant Program
OWR	Office of Water Recycling
RWQCB	Regional Water Quality Control Board
SRF	State Revolving Fund Loan Program
SRF Policy	“Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities”
SWRCB	
WRLP	California State Water Resources Control Board
1984 Bond Law	Water Recycling Loan Program
	Clean Water Bond Law of 1984 (Proposition 25 on the November 6, 1984 ballot)
1988 Bond Law	Clean Water and Water Reclamation Bond Law of 1988 (Proposition 83 on the November 8, 1988 ballot)
1996 Bond Law	Safe, Clean, Reliable Water Supply Act (Proposition 204 on the November 5, 1996 ballot)

**APPENDIX C****RECOMMENDED PLANNING OUTLINE FOR WATER RECYCLING PROJECTS**

This outline contains the components of a facilities planning report for water recycling. The facilities planning report outline emphasizes the information relevant to water recycling and its application for water supply purposes. For water pollution control facilities plans, additional information would be required to define the water quality problem and planning constraints and analyze the appropriate pollution control alternatives in addition to water recycling.

**Facilities Plan/Project Report****A. Maps and diagrams**

1. Vicinity Map.
2. Detailed map of study area boundaries.
3. Topographic map.
4. City boundaries.
5. Wholesale and retail water supply entity boundaries within study area and adjacent to study area.
6. Wastewater agency boundaries within and adjacent to study area.
7. Existing recycled water distribution pipelines, storage, and customers.
8. Ground water basin boundaries, major streams, streams receiving waste discharges.
9. Present and projected land use.
10. Each recycled water facilities alternative (including recommended project), showing locations of potential customers and approximate pipeline routes.
11. Wastewater treatment schematic--existing and proposed.

**B. Study Area Characteristics**



1. Hydrologic features.
2. Ground water basins, including quantities extracted by all users, natural and artificial recharge, losses by evapotranspiration, inflow and outflow of basins, and safe yield or overdraft.
3. Water quality--ground water and surface water.
4. Land use and land use trends.
5. Population projections of study area.
6. Beneficial uses of receiving waters and degree of use, portion of flow that is effluent.

C. Water Supply Characteristics and Facilities

1. Description of all wholesale and retail entities.
2. All sources of water for study area and major facilities, their costs, (costs should be broken down into fixed and variable), subsidies, and customer prices.
3. Capacities of present facilities, existing flows, estimated years when capacities to be reached for major components (water treatment plants, major transmission and storage facilities).
4. Ground water management and recharge, overdraft problems.
5. Water use trends and future demands, prices and costs.
6. Quality of water supplies.
7. Sources for additional water and plans for new facilities (for both the local entity and the wholesalers).

D. Wastewater Characteristics and Facilities

1. Description of entities.
2. Description of major facilities, including capacities, present flows, plans for new facilities, description of treatment processes, design criteria.

3. Water Quality of effluent and any seasonal variation.
4. Additional facilities needed to comply with waste discharge requirements.
5. Sources of industrial or other problem constituents and control measures.
6. Existing recycling, including users, quantities, contractual and pricing arrangements.
7. Existing rights to use of treated effluent after discharge.
8. Wastewater flow variations--hourly and seasonal.

E. Treatment Requirements for Discharge and Reuse

1. Required water qualities for potential uses.
2. Required health-related water qualities or treatment requirements for potential uses, operational and on-site requirements (such as backflow prevention, buffer zones).
3. Wastewater discharge requirements, anticipated changes in requirements.
4. Water quality-related requirements of the RWQCB to protect surface or ground water from problems resulting from recycled water use.

F. Recycled Water Market

1. Description of market assessment procedures.
2. Descriptions of all users or categories of potential users, including type of use, expected annual recycled water use, peak use, estimated internal capital investment required (on-site conversion costs), needed water cost savings, desire to use recycled water, date of possible initial use of recycled water, present and future source of water and quantity of use, quality and reliability needs, and wastewater disposal methods.
3. Summary tables of potential users and related data.
4. Definition of logical service area based on results

of market assessment.

#### G. Project Alternative Analysis

1. Planning and design assumptions:
  - a. Delivery and system pressure criteria.
  - b. Peak delivery criteria.
  - c. Storage criteria.
  - d. Cost basis: cost index, discount rate, useful lives, etc.
  - e. Planning period.
2. Water Recycling Alternatives to be Evaluated
  - a. Treatment alternatives:
    - i. Alternative levels of treatment.
    - ii. Alternative unit processes to achieve a given level of treatment.
  - b. Pipeline route alternatives.
  - c. Alternative markets:
    - i. Based on different levels of treatment.
    - ii. Geographical areas.
  - d. Alternative storage locations.
  - e. Subalternatives of selected alternative:
    - i. Marginal analysis for selected alternative for certain categories of users or certain geographic areas.
    - ii. Varying storage, pump rates, and pipeline diameters.
    - iii. Use of fresh water blending during peak irrigation months.
3. Non-recycled water alternatives.
  - a. Discussion of other potentially viable new sources of water.
  - b. Provide economic costs.
4. Water conservation/reduction analysis.
  - a. Analysis.
  - b. Impact on recycling, if any.
  - c. Recommendation.
  - d. Implementation.
5. Pollution control alternatives (if applicable) needed to comply with waste discharge requirements, and possible allocation of costs between recycling and pollution control.
6. No project alternative.
7. Information supplied for each alternative to

include, but not be limited to:

- a. Cost tables for each alternative with breakdown of costs by total capital (without grants), O&M, unit processes, and with equivalent annual cost and per acre-foot cost.
- b. Lists of potential users assumed for each alternative.
- c. Economic analysis.
- d. Energy analysis for each alternative, including direct and construction energy.
- e. Water quality impacts:
  - i. Effect on receiving water by removing or reducing discharge of effluent, including effect on beneficial uses resulting from reduced flow.
  - ii. Ground water impacts.

8. Comparison of above alternatives and recommendation of specific alternative.

#### H. Recommended Plan

1. Description of all proposed facilities and basis for selection.
2. Preliminary design criteria and refined pipeline routes.
3. Cost estimate based on time of construction.
4. List of all potential users, quantity of recycled water use, peak demand, commitments obtained.
5. Reliability of facilities as compared to user requirements.
6. Implementation plan:
  - a. Coordination with water suppliers, determination of recycled water supplier and needed agreements or ordinances.
  - b. Ability and timing of users to join system and make on-site investments.
  - c. Tentative water recycling requirements of RWQCB.
  - d. Commitments from potential users.
  - e. Water rights impact.
  - f. Permits, right-of-way, design, construction.
  - g. Detailed schedule.
7. Operational plan - responsible people, equipment, monitoring, irrigation scheduling, etc.

**I. Construction Financing Plan and Revenue Program**

1. Sources and timing of funds for design and construction.
2. Pricing policy for recycled water.
3. Costs which can be allocated to water pollution control.
4. Annual projection of:
  - a. Fresh water prices for each user or category of users.
  - b. Recycled water used by each user.
  - c. Annual costs (required revenue) of recycling project.
  - d. Allocation of costs to users.
  - e. Unit costs to serve each user or category of users.
  - f. Unit price of recycled water for each user or category of users.
  - g. Sensitivity analysis assuming portion of potential users fail to use recycled water.
5. Sunk costs and indebtedness.

**J. Appendices**

1. Tables of all abbreviations.
2. Copies of letters of interest or intent from recycled water users, or other documentation of support from potential users.

3. Draft of recycled water mandatory use ordinance or model user contract.
4. Drafts of necessary agreements, such as wholesale-retail agreement, joint powers agreement, etc.

**APPENDIX D****LOAN REPAYMENT AND****FINANCIAL ANALYSES****I. Introduction**

Typically, money is an essential ingredient for a feasible water recycling project. It must be raised to finance design and construction, to provide positive cash flow during construction, and, once operation has commenced, to repay debts and pay for operation and maintenance. These guidelines contain the repayment provisions for loans from the Water Recycling Loan Program and the desired documentation to demonstrate financial feasibility. More detailed information on financial analyses can be found in the SWRCB's Interim Guidelines for Economic and Financial Analyses of Water Reclamation Projects.

Two financial reports are required: a construction financing plan and a revenue program, which covers the period commencing with initial facilities operation. These two reports must be submitted with the loan application (as part of the facilities plan) and updated and submitted with the 100 percent design submittal. A final revenue program must be submitted at completion of construction.

**II. Loan Repayment Provisions**

Loans from the Water Recycling Loan Program will have an interest rate set at 50 percent of the average interest rate paid by the State on the most recent sale of general obligation bonds. The term of the loans may be for a period of up to 20 years. The loan term begins from the loan contract date. Repayments will begin on the last day of the month following two years after award of the prime construction contract.

**III. Construction Financing Plan**

It must be demonstrated that there are sufficient financial resources to finance the design and construction of the project. The construction financing plan generally consists of at least the following items:

1. An up-to-date capital cost estimate, including construction, engineering, legal, and administrative costs with a reasonable allowance for contingencies.
2. A cash flow analysis consisting of a monthly forecast of

expenses during design and construction and sources of funds to meet those expenses.

3. The sources and amounts of funds for capital costs, including the status and timing in securing those funds.

There will be no disbursements of loan funds from the Water Recycling Loan Program until the award of construction contracts. Thus, the loan recipient must carry design costs until the initiation of construction. Loan disbursements will be made during construction in proportion to eligible costs incurred. If there are multiple construction contracts, the loan disbursements will be proportioned amongst each construction contract.

The cash flow analyses should be based on the above procedures for loan disbursements and the assumption that receipt of loan funds will take 60 days from date of request.

#### IV. Pricing Policy

There are a variety of potential methods for determining the price customers will pay for recycled water. The most typical include:

1. The recycled water price is set to match exactly production costs.
2. The recycled water price is set at a given percentage discount from whatever potable water prices are.
3. The recycled water price is set at a given dollar discount from whatever potable prices are.

Some agencies charge a meter charge or have multiple rates if they have both wholesale and retail sales.

Some of the considerations involved in establishing recycled water rates are:

1. The costs that are expected to be recovered by recycled water revenue.
2. The costs and inconvenience to recycled water customers resulting from switching part of their water use to recycled water.
3. Whether the water agency will pay for on-site conversion costs of recycled water customers.



4. The degree of integration of the recycled water supply into the water agency's overall sources of supply, and thus the integration of costs and revenue from the various sources of supply.

Within the limits of financial feasibility, it is the recommendation of the Office of Water Recycling that the price of recycled water be as high as reasonable, taking into consideration the value of recycled water as compared to the price of fresh water. A reasonable discount from fresh water prices is often the most equitable.

#### V. Revenue Program

The financial feasibility of a project once it has started operation is shown in a revenue program. In general, a period of 10 years should be forecast. The following items should generally be included for each year:

1. recycled water demand by each user
2. fresh water prices applicable to the recycled water users
3. recycled water prices
4. total recycled water revenue
5. debt repayment
6. operation and maintenance costs, broken down by category with fixed and variable costs separated
7. supplementary funds provided to accommodate any revenue deficiency
8. sensitivity analysis assuming portion of potential users fail to use recycled water.

The assumptions and bases for all numbers should be fully stated and referenced. The pricing policy for the recycled water should be explained. It may be necessary to allocate project costs between pollution control and water supply or between categories of users.

Water supply agencies frequently have more than one source of water. The finances for these various sources are usually integrated, and customers are charged a common melded price, even if they receive water from only one of the sources. Likewise, recycled water should not be viewed as an alien source of water, but rather as simply an added supply to meet

the overall water demands of a water supply agency. Its only distinction is that its quality restricts its uses. As such, it is desirable that the finances for a recycled water system be integrated with those for the fresh water sources of supply.

Once it has been determined that recycled water costs are justifiable compared to other sources of supply, the recycled water supply should not be treated as an independent system financially.

With recycled water viewed as a complement to a water system, Recycled water prices should be established using the same standards as fresh water, taking into consideration some of the peculiarities mentioned in the previous section. If revenues from recycled water are insufficient to cover all expenses from the recycled water system, as is common in the initial years of operation, the shortfall can be made up with revenue from the fresh water system. Likewise, excess recycled water revenues can be used to cover other agency expenses, allowing all customers to benefit.

Because recycled water is serving as a replacement for fresh water, there inevitably is an effect on fresh water costs and revenue. It is desirable to quantify these effects and include them in the revenue program to describe fully the costs and benefits derived from the recycled water. This is often useful to provide justification for using fresh water revenue to help pay for a recycled water system.

**APPENDIX E****ORDER FORM FOR****ADDITIONAL INFORMATION**

Please review the below list of additional documents relating to the Water Recycling Loan Program. If you wish to obtain any of the documents, please provide the requested information.

**A. Check the items desired:**

- ☐ 1. Clean Water Bond Law of 1984
- ☐ 2. Clean Water and Water Reclamation Bond Law of 1988
- ☐ 3. Safe, Clean, Reliable Water Supply Act (1996 Bond Law)
- ☐ 4. Sample Letter of Intent for Use of Reclaimed Water
- ☐ 5. Desirable Provisions of Reclaimed Water User Contracts
- ☐ 6. Model Recycling Loan Contract
- ☐ 7. Interim Guidelines for Economic and Financial Analyses of Water Reclamation Projects
- ☐ 8. Background Information on Economic Analyses of Reclamation Projects
- ☐ 9. Loan Application Package (Application Form, Water Recycling Funding Guidelines, and Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants)
- ☐ 10. Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities

**B. Provide the mailing address:**

NAME: \_\_\_\_\_

\_\_\_\_\_

TITLE: \_\_\_\_\_

\_\_\_\_\_

AGENCY: \_\_\_\_\_

\_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

\_\_\_\_\_

CITY, STATE, ZIP CODE: \_\_\_\_\_

\_\_\_\_\_

- C. Fold this order form in half, affix postage, and mail to pre-printed address on reverse side.

**Place  
Stamp  
Here**

**Office of Water Recycling  
Division of Clean Water Programs  
State Water Resources Control Board  
P. O. Box 944212  
Sacramento, CA 94244-2120**

WATER RECYCLING FUNDING GUIDELINES, April 17, 1997  
WordPerfect6.1 document  
File name: GUIDE.96  
4/23/97

s: \\engineer\vol1\shared\engineer\\: \oper\owr\guide.96  
c: \data\owr\guide-96 *RMILS/josella/4/15/97*

**RETAIN THIS PAGE WITH THE MASTER BUT DO NOT REPRODUCE  
THIS PAGE!**

This page is for computer file name reference.

## ATTACHMENT E

### STATE WATER RESOURCES CONTROL BOARD DIVISION OF CLEAN WATER PROGRAMS

#### ENVIRONMENTAL REVIEW PROCESS GUIDELINES FOR STATE REVOLVING FUND LOAN APPLICANTS MAY 13, 1998

##### PART I. PURPOSE

These guidelines detail the steps that must be taken by applicants to comply with the environmental review requirements for the State Revolving Fund (SRF) Loan Program administered by the State Water Resources Control Board (SWRCB), Division of Clean Water Programs (Division). Generally, the process set forth here is accomplished through compliance with the California Environmental Quality Act (CEQA). In addition, the SRF Loan Program is partially funded by the U.S. Environmental Protection Agency (EPA) and is therefore subject to Federal environmental regulations.

Detailed requirements under CEQA are given in the CEQA Guidelines (California Code of Regulations Title 14, Division 6, Chapter 3). Copies of CEQA and the CEQA Guidelines are available from the Department of General Services, Publications Section [(916) 574-2200]. The guidelines presented here are intended to supplement the CEQA Guidelines with specific requirements for environmental documents which will be acceptable to the SWRCB when reviewing applications for wastewater treatment facility loans; they are not intended to supersede or replace the CEQA Guidelines.

For SWRCB funded projects, the applicant is usually the "Lead Agency" as defined under CEQA and will be responsible for the preparation, circulation and consideration of the environmental document prior to approving the project. The SWRCB and other agencies having jurisdiction over the proposed project are "responsible agencies" under CEQA and are accountable for reviewing and considering the information in the environmental document prior to approving any portion of the project.

If the applicant intends to use any of the tiering documents allowed under CEQA (e.g., Program EIRs, Master EIRs, etc.), or if the applicant intends to use an existing final document, a subsequent EIR, or a supplement or an addendum to an EIR, the Division should be notified as soon as possible. For SRF loans, the Division must ensure that federal agencies are afforded adequate review of environmental documents for projects that will be federally funded.

Under some circumstances the applicant's project may be approved under a statutory or categorical exemption from CEQA. In these cases, applicants should file a Notice of Exemption with the County Clerk and provide a copy of the notice along with a supporting evaluation to the SWRCB. Categorical Exemptions cannot be used if the project is in an environmentally sensitive area or if the project involves an increase in treatment capacity. Compliance with applicable federal environmental regulations is required for exempt projects and may involve consultation with

federal authorities.

Questions regarding environmental procedures and practices should be directed to the State Water Resources Control Board, Division of Clean Water Programs, Environmental Services Unit, at (916) 227-4480 or 227-4572. Questions regarding cultural resources should be directed to the Division's Cultural Resources Officer at (916) 227-4410.

## PART II. DETAILED PROCEDURES

In the following procedures, all references to section numbers or appendices refer to the CEQA Guidelines. Figure A, on page 9, presents a generalized step-by-step approach describing the CEQA process for proposed SWRCB-funded projects which are not exempt from CEQA requirements. The numbers in Figure A correspond to the numbered paragraphs below.

1. Preparation of an Initial Study as described in the CEQA Guidelines, Section 15063. An "Initial Study" is a preliminary analysis prepared by the Lead Agency to determine whether an Environmental Impact Report (EIR) or a Negative Declaration must be prepared. The Initial Study must include a project description, an environmental setting and a discussion of potential impacts as outlined in Part 3 of these guidelines. If a checklist is used, it must be supplemented with explanations for all applicable items, including the items that are checked for "no impact". Checklists should include the following possible responses:
  - a) Significant
  - b) Significant unless mitigation incorporated
  - c) Less than significant
  - d) No impact
2. <Decision Point> Is there substantial evidence that the project may have a significant environmental effect which cannot be mitigated before public release of the environmental document? If yes, proceed to Item 9 for starting the EIR process; if no, proceed to Item 3 for the Negative Declaration process. The criteria for "significance" of impacts are listed in Sections 15064 et seq. Consult with the Division immediately if you intend to use an existing final document.
3. If the project will not have a significant effect on the environment, prepare a Negative Declaration (Section 15371) .
4. Circulate the Negative Declaration and Initial Study (ND/IS) through the State Clearinghouse and to the public for review (Sections 15072 and 15073). See Item 12 for more detail.
5. Submit eight copies of the ND/IS to the Division to initiate the Federal Consultation process. Submit to the Division documentation of compliance with Section 106 of the



National Historic Preservation Act (Section 106). See Item 13 for more detail.

6. Public participation: See Item 14 .
7. <Decision Point> Do any comments reveal substantial evidence that the project may have a significant environmental effect? If yes, proceed to Item 9, and prepare an EIR; if no, proceed to item 8.
8. Based on the commitment to adequate mitigation of significant effects disclosed in the Initial Study or the lack of significant effects, and the absence of significant comments received, the decision-making body should make a finding that the project will have no significant effect on the environment and adopt the Negative Declaration. Proceed to Item 17.
9. The CEQA Guidelines, Section 15082, (a) and (b) require that a Notice of Preparation (NOP) be distributed whenever an EIR is proposed. A NOP is a brief notice you send to notify the responsible agencies, trustee agencies, and involved federal agencies that an EIR will be prepared for the project. The purpose of the NOP is to solicit guidance from those agencies as to the scope and content of the environmental information to be included in the EIR. Public agencies are free to develop their own formats for this NOP. The contents of the NOP are described in Section 15082. If it is uncertain whether an EIR or a Negative Declaration is appropriate, a NOP should be distributed in order to cover both eventualities. You should send a copy of the NOP directly to the Division and to the State Clearinghouse at the addresses listed in item 12.
10. Incorporate any comments received in response to the NOP into the Draft EIR (Item 11).
11. Prepare Draft EIR. The EIR is a detailed report prepared under CEQA that describes and analyzes the significant environmental effects of a project and discusses ways to mitigate or avoid the effects. See Section 15120 et seq.
12. Submit Draft EIR or ND/IS for review by the public and local, state and federal agencies (Sections 15085-15087). The following review procedures are designed to coordinate the project with various federal, state, and local areawide plans and programs. Send copies of the environmental document (either a Draft EIR or ND/IS) directly to the Division's Environmental Services Unit. All correspondence with the Division regarding environmental documents (Draft EIRs, comments received, Final EIRs, ND/ISs, etc.) should be addressed to:

ENVIRONMENTAL SERVICES UNIT  
DIVISION OF CLEAN WATER PROGRAMS  
STATE WATER RESOURCES CONTROL BOARD  
P. O. BOX 944212  
SACRAMENTO, CA 94244-2120

Draft EIRs and ND/ISs to be reviewed by state agencies must be submitted to the State Clearinghouse (Section 15205). Send ten (10) copies of the EIR or ND/IS to the State Clearinghouse, unless the State Clearinghouse approves a lower number in advance [Section 15205(e)]. You may either use the standard "Notice of Completion and Environmental Document Transmittal Form" included in the CEQA Guidelines (Appendix C) or develop a similar form to be used when submitting the documents. On the back side of the form, put a check on any of the "REVIEWING AGENCIES" that you would like Draft EIRs to be sent to including "SWRCB - Grants", otherwise the State Clearinghouse will select the appropriate review agencies. You must also send a formal transmittal letter to the State Clearinghouse giving them the authority to distribute the copies of the Draft EIR. If a consultant is preparing the Draft EIR or ND/IS, the consultant must obtain a formal transmittal letter from you stating that you, the applicant, give permission to the consultant to send the copies of the document to the State Clearinghouse. The letter should also have the State Clearinghouse number from the NOP. If you need a shorter review period than the 30 or 45-day period required by the CEQA Guidelines, you, not the consultant, must submit a written request. This formal request can be included in the transmittal letter stating the reasons for a shorter review period. To send documents to the State Clearinghouse, use the following address:

STATE CLEARINGHOUSE  
OFFICE OF PERMIT ASSISTANCE  
GOVERNOR'S OFFICE OF PLANNING AND RESEARCH  
1400 TENTH STREET, ROOM 121  
SACRAMENTO, CA 95814

The focal point of the State's review is the State Clearinghouse. The review starts when the State Clearinghouse receives your Draft EIR or ND/IS, at which time they will assign a Clearinghouse number (SCH#) to your project. If a NOP was previously filed, they will use the SCH# assigned to the NOP. This eight-digit number (e.g. SCH# 82061506) is very important and should be used on all documents, such as inquiry letters, supplemental drafts, final EIRs, etc. The State Clearinghouse will send you an "ACKNOWLEDGMENT" card. If you have any questions about the State Clearinghouse procedures, call (916) 445-0613.

While you are encouraged to contact the regional and district offices of state responsible agencies, this does not replace the requirement to submit environmental documents to the State Clearinghouse for distribution [Section 15205(f)]. To ensure that this Division receive copies of the environmental document, you should send them directly to us. You

are also responsible for sending copies of the environmental documents to any local or federal responsible agency with jurisdiction over any part of the proposed project. This cannot replace the requirement for sending eight copies of the document to the Division for federal consultation (Item 13a). You should not contact the State Office of Historic Preservation or the State Historic Preservation Officer (SHPO). The Division's Cultural Resources Officer will prepare a cover letter requesting the SHPO's concurrence that the project is in compliance with Section 106 and send it along with copies of cultural resources documentation to the SHPO (Item 13b).

After the review period ends, the State Clearinghouse should send you a letter stating that the review process is closed and that you have complied with the review requirements. Any comments from state agencies will be forwarded with the letter.

- 13.a. If the project involves an SRF loan, we will need to send copies of the CEQA document (draft or final) directly to federally designated agencies. In order for us to do this, you will need to send eight (8) copies of your draft or final CEQA document to our office. Normally, one copy will be used for our review, one copy will be submitted to the Cultural Resources Officer, and the other 6 copies will be distributed to federally designated agencies. The federally designated agencies must have at least forty-five (45) calendar days to review an EIR and thirty (30) calendar days to review an ND/IS. Six (6) days mailing time is also added to the review period which would then be calculated as fifty-one (51) or thirty-six (36) calendar days from the date the environmental document was mailed to the reviewing agency. If any of these agencies identify an issue of concern, the Division will consult with the agency to determine the necessary and appropriate actions to resolve the issue. Ideally, the federal consultation review should be done concurrently with the CEQA review. However, federal consultation may also be initiated before or after CEQA review.

To ensure compliance with federal laws and regulations, the Division has been designated as the non-federal representative under the Federal Endangered Species Act for all projects in California that involve an SRF loan. To comply with Section 7 of the Federal Endangered Species Act, the SWRCB will review SRF projects during the facilities planning process to determine if a project may affect any federally listed species. It is important that you identify any issues concerning sensitive species and notify the Division early in the planning stage. The Division will confer informally with the U.S. Fish and Wildlife Service (FWS) or National Marine Fisheries Service (NMFS) as appropriate. You will need to provide the Division with any species lists, biological assessments and other documents which disclose information on the project's effect on sensitive species at the earliest date.

If there are federally listed species that may be affected by a project, either directly or indirectly, the Division will evaluate the extent of any impacts as part of its environmental review process and submit its findings to the FWS/NMFS. If the Division, in consultation

with the FWS/NMFS, determines that the project will affect any federally listed species, it will notify the EPA of the need to request formal consultation. The EPA will participate as lead agency in the formal consultation process.

- 13.b. SRF funded applicants are required to demonstrate to the satisfaction of the SHPO that the project complies with Section 106 of the National Historic Preservation Act. In order to avoid potential funding delays, you are encouraged to initiate the Section 106 process and any paleontological studies at the earliest stages of project planning. Development of an Area of Potential Effects (APE) map is a critical first step. The project's APE includes all construction areas, borrow pits, haul roads, staging areas, etc., as well as the "built environment" in close proximity to the construction area, which may be subject to indirect effects. Property which may be acquired for the proposed undertaking is included in the APE. The APE is typically depicted on large-scale project plans, although aerial photographs are sometimes an effective "base map" alternative.

Background research for cultural resources begins with a records search at the Information Center(s) of the California Historical Resources File System which serve(s) the project area. The Information Center(s) will need a 7.5' USGS topographical map section with the APE clearly delineated, as well as a request letter which describes the proposed undertaking. It is important to obtain information about resources in the general project vicinity as well as within the APE. A records search "buffer zone" of 1/2 mile beyond the APE limits is usually sufficient for this purpose. As the Information Centers release complete, confidential site and survey information only to researchers registered with the Center, you are encouraged to designate a qualified archaeologist (typically a consultant) to be the recipient of the records search results. Your designated researcher should include copies of all materials received from the Information Center, as well as all correspondence, in the documentation submitted for review to the Division's Cultural Resources Officer.

The date of construction of all buildings, structures, objects and features in and adjacent the APE should be determined during pre-field research. Buildings, structures (such as a bridge), objects (such as a decorative gateway to a community), and features (canals, railroad tracks, etc.) which are at least 50 years old are potentially eligible for the National Register of Historic Places (NRHP) and must be evaluated against the NRHP criteria for inclusion. Numerous wastewater conveyance systems and treatment plants in the state have buildings or other elements older than 50 years, and thus it may be necessary to evaluate the historic value of the plant or system itself.

Documentation of Native American consultation is required under Section 106. This includes a letter to the Native American Heritage Commission (NAHC) requesting a review of its Sacred Lands Inventory files. The loan applicant should also endeavor to make direct contact (e.g. letter followed by telephone call) with Native American representatives with interest in the project community. Native American consultation should include discussion of any potential project impacts to archaeological sites or

traditional cultural places known to the Native American representative or the project archaeologist. The NAHC can recommend contacts in the Native American community if the proponent is not acquainted with interested parties.

Please submit documentation of a cultural resources field survey conducted by a qualified archaeologist throughout the APE. The survey report should conform to the outline provided in the California Office of Historic Preservation's Preservation Planning Bulletin 4(a), December 1989. A copy of the APE map depicting "area surveyed" and the boundaries of all known cultural resources relative to the project's impact area, is included in the survey report.

Please submit a Determination of Eligibility for any cultural resource which cannot be avoided during project construction. Findings of Effect and mitigation proposals follow, if a resource is determined to be NRHP-eligible and cannot be preserved through avoidance measures. Please provide documentation of protective provisions (including monitoring, if warranted) for any cultural resource in and adjacent to the APE, for which project effects can be avoided. In addition, please document your researcher's recommendations for further evaluation, mitigation, avoidance, monitoring, etc.

The complexity of cultural resources studies for public works projects can vary widely, depending upon numerous factors. Your proposed undertaking may satisfy Section 106 without including all the described elements. The nature of resources in the APE or the level of public interest may, on the other hand, add requirements not discussed here. You are encouraged to contact the Division's Cultural Resources Officer at (916) 227-4410 during the environmental planning stage for assistance in meeting Section 106 compliance requirements. The Division will take into account the potential effects of the project upon cultural resources, will apply the regulations implementing Section 106, and on this basis request the concurrence of the State Historic Preservation Officer that the process has been completed satisfactorily. Please allow adequate review time for the Division and the SHPO.

14. Public participation and review are essential to the CEQA process (Section 15087). Each public agency should include wide public involvement, formal and informal, consistent with its existing activities and procedures, in order to receive and evaluate public reactions to environmental issues related to its project. Public comments or controversies that are not responded to during the planning of a proposed project could result in the need for a Subsequent Environmental Document at a later stage or lead to legal challenges, thus delaying the project and raising the cost significantly.
15. <Decision Point> Review all comments received during the review process, including any spoken comments received at formal or informal public meetings. Consider whether comments are significant enough to require a complete revision of the EIR or the proposed project, or whether minor changes in the EIR or addition of mitigation measures could

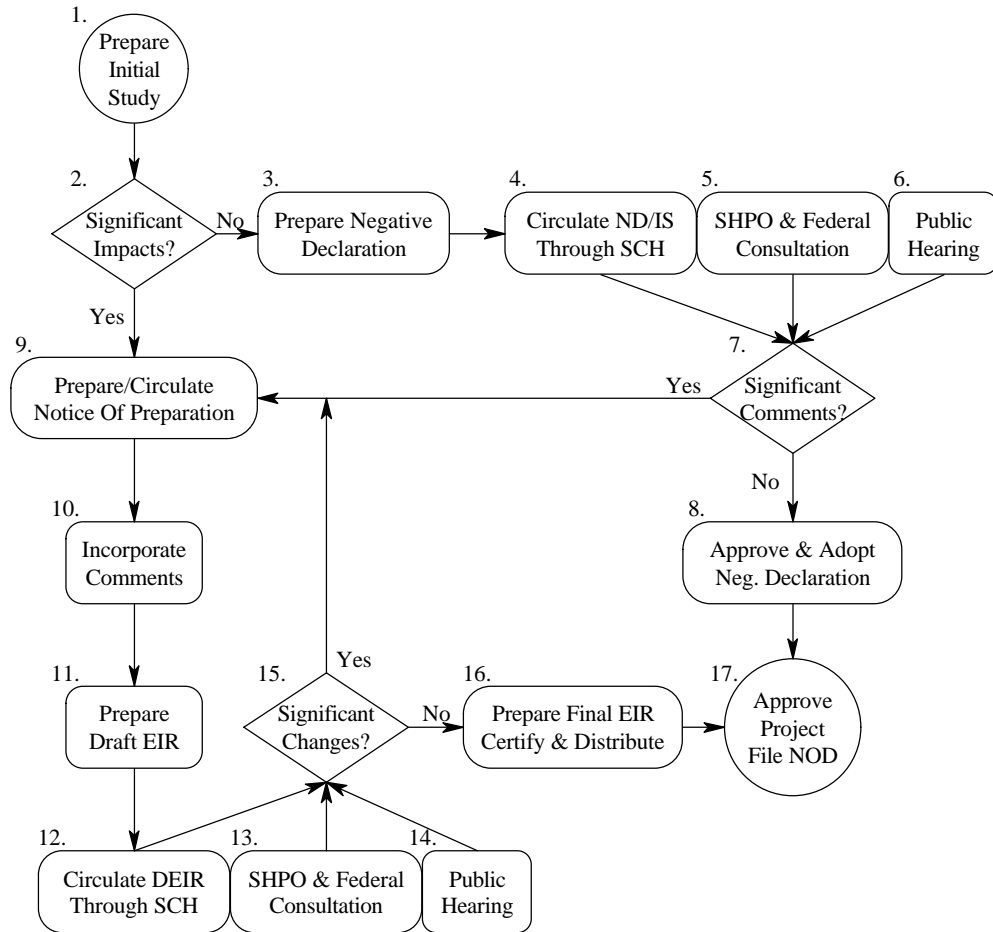
adequately address the issues raised. If the EIR needs complete rewriting, return to Item 9. If minor revisions can make the EIR adequate, go to Item 16 and include text revisions to the Final EIR. Send a copy of the Final EIR including comments and responses to the Division at the above address and a copy to the appropriate California Regional Water Quality Control Board.

16. Incorporate any comments and your responses to those comments, text revisions, and any additional mitigation measures into the Final EIR. Include a plan for implementing and monitoring mitigation measures. Also include dates for all public meetings, hearings, etc. and the dates of notices for such hearings or meetings. The Final EIR must be certified by your decision making body. After resolving all comments and printing your Final EIR, send copies to all responsible agencies including the Division. You should also send copies to agencies and individuals commenting on the Draft EIR. See Section 15132 for the contents of a Final EIR.
17. Within five days after your decision making body has made a decision to proceed with the project, you must prepare and file a "Notice of Determination" (see Appendix D of the CEQA Guidelines) with the Governor's Office of Planning and Research and the local County Clerk. The contents of this Notice are given in Sections 15075 and 15094 for Negative Declarations and EIRs, respectively.

When the review period is over, submit copies of the following to the Division at the address provided in item 12:

- (1) The Final EIR or Negative Declaration including any field reports,
- (2) All comments received and your responses,
- (3) A mitigation monitoring plan (when mitigation measures are included),
- (4) The Notice of Determination filed, and
- (5) A resolution certifying the EIR or adopting the Negative Declaration and making findings or statements of overriding considerations pursuant to CEQA Guidelines.

Figure A



Prepared by the Environmental Services Unit of the Division of Clean Water Programs, State Water Resources Control Board

## CHECKLIST FOR ENVIRONMENTAL DOCUMENTATION TO SUBMIT

DURING REVIEW PERIOD	
1.	Eight Copies of the CEQA document for review and federal consultation
2.	Any documents incorporated by reference
3.	A copy of the Notice of Completion
4.	Three copies of cultural resources technical studies and Section 106 compliance documentation.
AFTER REVIEW PERIOD	
1.	Two copies of the Final CEQA document
2.	Comments received on the CEQA document and your responses
3.	The Adopted Mitigation monitoring plan (when mitigation measures are included)
4.	The Notice of Determination filed with Governor's Office of Planning & Research
5.	The Resolution certifying EIR or adopting Negative Declaration, Adopting mitigation monitoring plan, and Making CEQA findings including Statements of Overriding Considerations



### PART III. BASIC OUTLINE FOR ENVIRONMENTAL DOCUMENTS

The purpose of the environmental review is to incorporate environmental considerations into the planning process. Prior to the selection of a specific project alternative, a thorough, unbiased and frank analysis of the environmental impacts of every reasonable project alternative should be made.

It is intended that environmental concerns are considered on an equal basis with engineering feasibility, economics, and social considerations.

In order to assist you in preparing environmental documents for your loan or grant application, we have put together this outline. The outline details project-specific information that must be disclosed, when applicable, in all environmental documents, including Initial Studies, prepared in conjunction with an application for an SRF Loan administered by the SWRCB. This outline does not replace CEQA guideline requirements regarding elements of an environmental document and does not cover all necessary components of the document.

For SRF loans, federal regulations require additional detailed information to obtain clearance for projects involving: (1) species protected under the Federal Endangered Species Act, (2) wetlands, (3) wild and scenic rivers, (4) coastal zone areas, (5) floodplains, (6) agricultural land, (7) cultural resources and (8) air quality. If the project involves an increase in treatment capacity, by either building a new treatment plant or expanding existing facilities, the service area and related growth inducing impacts must be considered in the environmental impact analysis. In addition, capacity increases for SRF projects located in non-attainment areas must be based on population estimates and projections consistent with those used for the State Air Quality Implementation Plan if the project exceeds de-minimus thresholds for emissions. For water recycling projects, the area of reuse must also be considered in the environmental impact analysis.

#### I. PROJECT DESCRIPTION

- A. Describe Objectives that Qualify the Project for a Loan
  - 1. Correction of any water quality problems associated with wastewater treatment or disposal facilities
    - a) Public health hazards
    - b) Pollution of impaired water bodies
  - 2. Compliance with water quality regulations
    - a) Waste Discharge Requirements
    - b) NPDES permits
    - c) Cease and Desist orders
  - 3. Preventative measures for impaired and unimpaired water bodies
  - 4. Capacity increase
  - 5. Wastewater recycling
- B. Explain How Objectives will be Accomplished
  - 1. New facilities
  - 2. Upgrading existing facilities

3. Correction of inflow and infiltration problems
- C. Describe Any Existing Facilities
  1. Facilities (give physical dimensions and area of existing site)
    - a) Treatment facilities
    - b) Collection and/or Conveyance systems
    - c) Storage
    - d) Appurtenant structures
    - e) Effluent discharge facilities
    - f) Sludge disposal facilities
  2. Condition of facilities
  3. Level of treatment
  4. Present effluent quality
  5. Present capacity of facilities
    - a) Average Dry Weather Flow (ADWF) capacity
    - b) Peak Wet Weather Flow (PWWF) capacity
  6. Present inflow of wastewater (ADWF and PWWF)
- D. New Facilities (describe any facilities that will be constructed or modified and operations)
  1. Facilities (give physical dimensions and area of project site)
    - a) Treatment facilities
    - b) Collection and/or Conveyance systems
    - c) Storage
    - d) Appurtenant structures
    - e) Effluent discharge facilities
    - f) Sludge disposal facilities
  2. Proposed treatment level
  3. Proposed effluent quality (describe qualitatively and quantitatively)
  4. Capacities (give in terms of ADWF and PWWF)
    - a) Design capacity (show how capacity was calculated)
    - b) Any increase needed to serve existing development
    - c) Population basis for capacity determination (include year)
      - (1) Current population
      - (2) Projected population
- E. Project Approvals (discuss the roles of planning and regulatory agencies which have permit or funding authority over the proposed project)
- F. Project Location (description of the precise location and boundaries, preferably topographic, and detailed map)
  1. Existing facilities
  2. New facilities
  3. Storage sites
  4. Effluent discharge sites
  5. Disposal sites
  6. Affected service area

7. Reuse sites (for water recycling)

II. ENVIRONMENTAL SETTING (Include a discussion of all the following detailed elements; if an element is not applicable to the project or is not present within the described area, give reasons or verify with investigative results. Consider all facilities; conveyance lines; storage, discharge, and disposal site(s); staging areas; affected service area; and water recycling reuse sites when applicable).

- A. RELATIONSHIP OF PROJECT TO OTHER PLANNING (for an EIR, briefly describe the project's relationship to and consistency with other applicable planning)
  - 1. Water quality planning
    - a) Basin Plan (include beneficial uses of the receiving waters as given in the applicable Basin Plan)
    - b) Watershed Management Plan
    - c) Area-wide wastewater treatment plan
  - 2. Regional Transportation Plan
  - 3. Regional Housing Allocation Plans
  - 4. Air Quality Management Plan
  - 5. Regional land use plans
    - a) Habitat Conservation Plans
    - b) Coastal zone
    - c) Lake Tahoe Basin
    - d) San Francisco Bay
    - e) Santa Monica Mountains
- B. Topography of the Region
  - 1. Location of project area with regard to major topographical features
  - 2. Elevations and slopes on project site
- C. Land Use and Zoning
  - 1. At project site
  - 2. Adjacent to project site
  - 3. Along pipeline alignments
  - 4. At reclaimed water reuse sites
- D. Geology of the Region
  - 1. Seismic hazards
  - 2. Unstable substrate
  - 3. Erosion potentials
  - 4. Information directly relating to a water quality problem (e.g., fractured bedrock)
- E. Climate
  - 1. Annual precipitation
  - 2. Seasonal weather patterns

- F. Air Quality
  - 1. Air basin
  - 2. Nonattainment area (state and federal) for (list appropriate items)
    - a) Ozone
    - b) Nitrogen dioxide
    - c) Sulfur dioxide
    - d) Particulates
    - e) Carbon monoxide
  - 3. Status of local air quality plan
- G. Major Botanical Features (plant communities or associations)
- H. Important Fish and Wildlife (major species and economically or recreationally important species)
- I. Threatened or Endangered Species
  - 1. U.S. Fish and Wildlife
    - a) Listed
    - b) Proposed
    - c) Candidate
  - 2. National Marine Fisheries Service
    - a) Listed
    - b) Proposed
    - c) Candidate
  - 3. California Department of Fish and Game
    - a) Listed
    - b) Candidate
    - c) California Species of Special Concern
  - 4. Private Organization Listings (e.g., California Native Plant Society)
- J. Critical Habitats listed by the U.S. Fish and Wildlife Service
  - 1. Plant Community Type
  - 2. Location
  - 3. Size
- K. Wetlands delineated by Army Corps of Engineers
  - 1. Type
  - 2. Location
  - 3. Size
- L. Designated Wild and Scenic Rivers. Include Map if Present
  - 1. Name
  - 2. Location
  - 3. Classification
- M. Water Resources
  - 1. Surface water features
    - a) Lakes
    - b) Rivers
    - c) Estuaries

- d) Ocean
    - e) Lagoons, marshes and other water features
  - 2. Groundwater resources
    - a) Depth
    - b) Water quality
    - c) Basin description
  - 3. Receiving water quality
    - a) Qualitative description
    - b) Quantitative analysis
    - c) Comparison to effluent quality
    - d) Beneficial uses
  - 4. Water supplies for the service area
    - a) List of water purveyors
    - b) Percentage of supply from each source
- N. Agricultural Land
  - 1. Acres by type (e.g. prime, statewide significance, local significance)
  - 2. Zoning
  - 3. Present use
- O. *Cultural resources*
  - 1. Archaeological resources
  - 2. Historic architecture, landscapes, features, structures or objects
  - 3. Traditional cultural properties
  - 4. Paleontological resources
- P. Coastal Zone Jurisdiction
- Q. Floodplain Delineated by the Federal Emergency Management Agency or Other Agency

III. PRIMARY AND SECONDARY IMPACTS (For the following subjects, list and explain short and long term impacts from project construction and operation, and any proposed mitigation measures. Consider all facilities; conveyance lines; storage, discharge and disposal sites; staging areas; affected service area; and water recycling reuse sites when applicable. Include secondary impacts of other activities associated with or resulting from construction or operation of the project. Evaluate the significance of the impacts as required by CEQA).

- A. Water Quantity
  - 1. Change in point of discharge
  - 2. Increase/decrease in stream discharge
  - 3. Increase in water demands
- B. Water Quality
  - 1. Surface water
    - a) Construction impacts
    - b) Effluent discharge

- c) Storm runoff from site
    - d) Reclaimed water runoff
  - 2. Groundwater
    - a) Percolation of effluent
    - b) Construction dewatering
- C. Air Quality
  - 1. Construction dust
  - 2. Construction equipment exhaust emissions
  - 3. Plant emissions
  - 4. Odors
- D. Geology
  - 1. Slope stability
  - 2. Seismic hazards
- E. Soils
  - 1. Erosion
  - 2. Contamination
  - 3. Compaction
- F. Vegetation
  - 1. Grading and excavation impacts
  - 2. Trampling
  - 3. Effluent impacts on aquatic and riparian vegetation
- G. Fish and Wildlife
  - 1. Construction noise and interference
  - 2. Habitat loss
  - 3. Blockage of movement/migration
  - 4. Waterfowl attraction to open ponds
  - 5. Effluent impact on aquatic biota
- H. Aesthetics
  - 1. Temporary impacts from construction
  - 2. Visual disruption of new facilities
- I. Noise
  - 1. Construction
  - 2. Operation
- J. Recreation
  - 1. Disruptions
  - 2. Closures
- K. Open Space
  - 1. Loss of
  - 2. Interferences to
- L. Cultural Resources
  - 1. Construction impacts (direct and indirect)
  - 2. Erosion
  - 3. Inundation from ponds

- 4. Impacts from land application of effluent
- M. Threatened or Endangered Species
  - 1. Incidental taking of a species
  - 2. Loss of habitat
  - 3. Harassment
  - 4. Blockage of movement/migration
  - 5. Disruption of breeding habits
- N. Environmentally Sensitive Areas
  - 1. Environmentally significant agricultural land
  - 2. Coastal zone
  - 3. Wetlands
  - 4. Wild & scenic rivers
  - 5. Floodplains
  - 6. Critical Habitats
- O. Energy
  - 1. Use during construction
  - 2. Use during operation
- P. Transportation/Circulation
  - 1. Traffic interference
  - 2. Traffic increases
  - 3. Parking interference
- Q. Public Services
  - 1. Additional public services required for facilities
  - 2. Additional public services required for service area
  - 3. Construction and operation interferences on public utilities
- R. Public Health and Safety
  - 1. Use of reclaimed water
  - 2. Excavation of contaminated soils
  - 3. Mosquito attraction to open ponds
  - 4. Interference with emergency operations
  - 5. Use of hazardous chemicals
- S. Population and Housing
  - 1. Additional work force
  - 2. Removal of an obstacle to growth
- T. Land Use and Zoning
  - 1. Incompatible use of project site
  - 2. Interference with surrounding land uses

#### IV. MITIGATION MEASURES

- A. Commitment
  - 1. Commitment is mandatory for mitigating significant impacts in a Mitigated Negative Declaration.

2. Commitment for mitigating significant impacts in an EIR is necessary to avoid making a “Statement of Overriding Considerations”.
  - B. Specificity
    1. Proposed future studies must include examples of mitigation measures that can be recommended from the studies.
    2. Monitoring must be accompanied by criteria that will trigger specific mitigation measures.
    3. Preparation of plans (e.g., an erosion control plan) must include specific examples of mitigation that the plan may include.
    4. Compliance with regulations must specify what regulations will do to mitigate the identified impacts.
  - C. Effects of a Mitigation Measure (If a mitigation measure could cause one or more significant effects, the effects of the mitigation measure should be discussed)
- V. PROJECT ALTERNATIVES (For an EIR, discuss the environmental impacts, cost effectiveness, compatibility with proposed or existing projects, and reasons for rejection for each alternative; include future options, e.g., recycling regionalization, etc. Potential alternatives should be feasible and reasonable, and should accomplish the basic purposes of the project and avoid or substantially lessen significant effects.)
- A. Alternatives for Each Major Phase or Component of the Project
    1. Treatment processes
    2. Disposal
    3. Conveyance
    4. Discharges
  - B. Alternative Siting Locations
    1. Treatment facilities
    2. Storage sites
    3. Discharge sites
    4. Disposal sites
    5. Conveyance lines
  - C. Alternative Projects Which Could Accomplish the Project Objectives
    1. Inflow and infiltration correction
    2. Upgrade existing facilities
    3. Other
  - D. No Project Alternative
  - E. Identification of the Environmentally Superior Alternative (if the “no project” alternative is not the environmentally superior alternative)
- VI. OTHER CEQA REQUIREMENTS
- A. Cumulative Impacts (Discuss effects of reasonably foreseeable projects in the area producing related or cumulative impacts including projects under the jurisdiction of



other agencies).

1. Projects related to, or similar to the proposed project
2. Projects which produce environment effects similar to those of the proposed project

**B. Growth Inducing Impacts (if none, explain why not)**

1. Ways in which the proposed project could encourage or accommodate growth directly or indirectly in the following areas:
  - a) Economy (e.g., building facilities that will create favorable conditions to attract businesses)
  - b) Population
    - (1) increasing the capacity of facilities to allow faster population growth
    - (2) increasing the supply of water available for population growth by replacing the use of existing water supplies with the use of reclaimed wastewater
  - c) Housing (e.g., expanding the service area to allow for more housing construction)
2. Impacts (secondary or indirect) associated with growth inducement
  - a) Air pollution
  - b) Water pollution
  - c) Diminished resources
  - d) Displacement of plants and animals
  - e) Loss of open space
  - f) Loss of agricultural land
  - g) Transportation
  - h) Public Services
3. Regional and Local Planning (including Air Quality Management Plans)
  - a) Information needed to make a conformity determination under the Federal General Conformity Rule for the Clean Air Act (wastewater treatment facilities in non-attainment areas which exceed the established “de minimus” thresholds for air pollutant emissions can be determined to conform if they are sized to meet only the needs of population projections that are in the applicable approved State Implementation Plan which contains the most recent planning assumptions).
  - b) Ability of current planning to deal with growth by providing the necessary infrastructure and support facilities while attempting to minimize adverse effects on the environment.

**C. UNAVOIDABLE SIGNIFICANT IMPACTS (For an EIR., discuss any unavoidable significant impacts identified in the document, their implications and the reasons why the project is being proposed notwithstanding their effect.)**

Division of Clean Water Programs  
State Revolving Fund Loan Program

**WATER CONSERVATION REVIEW PROCEDURES**

December 5, 1993

On January 21, 1993, the State Water Board adopted a revised "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities" (Policy). A new requirement in the revised policy is that 75 percent of the water connections in the loan applicant's service area must be covered by an adopted water conservation program consistent with local ordinances and authorities. To satisfy this requirement the water purveyor may become a signatory to the "Memorandum of Understanding Regarding Urban Water Conservation in California (MOU)" September 1991. The MOU includes 16 Best Management Practices (BMP's) that are established and generally accepted water conservation practices.

In lieu of becoming a signatory to the MOU, an independent water conservation program that meets the specific need of the community may be adopted. This water conservation program must be consistent with local ordinances, authorities, and acceptable to the Division of Clean Water Programs (Division).

The Division discussed with the Department of Water Resources the implementation and requirements of the newly adopted water conservation requirement in the SRF Policy. The easiest and best way to implement the water conservation policy was to encourage all agencies requesting SRF funding to become signatories to this MOU.

However, in some cases signing the MOU is not feasible. Many water purveyors adopt their own water conservation plans that are specific to their individual water needs. In this situation, a conservation plan review must be performed to insure compliance with the Division's criteria.

An adequate water conservation program consists of an in depth look at five different facets of water conservation: water supply and area characteristics, current conservation program implementation, evaluation of alternative measures recommended water conservation plan, and a water shortage plan. These facets parallel the requirements of the Urban Water Management Planning Act, Water Code Section 10610 et seq.

#### **A) WATER SUPPLY AND AREA CHARACTERISTICS**

Water supply and area characteristics should include an estimate of past, current, and projected potable and reclaimed water use. Relate these estimates to demographic users (residential, industrial, irrigation, and landscape) with the estimated percentage of water consumption per user type. The current status of groundwater, surface water, reclaimed water, and purchased water with respect to over all supply, demand, and quality should also be considered. A quantified analysis of the cost per unit volume must be evaluated so that water consumption savings with respect to water conservation mechanisms versus cost savings with respect to production and distribution of potable water can be compared.

#### **B) CURRENT WATER CONSERVATION PROGRAM**

A comprehensive review of the current water conservation program with a description of the various water conservation measures must be included. This review should consist of an explanation of the BMP's used by the district, an estimated overall amount of water conserved by the BMP, and an estimated implementation cost of each BMP.

#### **C) EVALUATION OF ALTERNATIVE MEASURES**

An evaluation of alternative measures should consider no less than all BMP's specified in the MOU. An analysis of the applicability, cost effectiveness, potential water savings, public acceptance, non-quantifiable benefits, and ability to implement should be performed on each BMP. Each BMP should be analyzed individually and should contain the most optimum level of implementation with respect to different types of water users (i.e. If it is not cost effective to provide low flush toilets to all water consumers, would it be effective to replace toilets of the top 10% of residential water users ?).

If any of the BMP's are determined to not be applicable or implementable, a discussion and justification must be given so that these measures may be waived. An example of justification for waiving BMP #9 would be that commercial and industrial water users do not exist within the water purveyors distribution area.

A brief explanation of the 16 BMP's are given below. A full description of the elements of the BMP's is in the MOU.

##### **1. Interior and exterior water audits and incentive programs for single-family residential, multi-family residential and governmental/institutional customers.**

Identify the top 20% water users, contact them, and provide incentives to help reduce consumption.

**2. Plumbing -- new and retrofit:**

- a) Enforcement of requirement for ultra-low-flush toilets in all new construction beginning January 1, 1992**

Contact local building inspectors, developers, and plumbing suppliers to ensure installation in new construction.

**b) Plumbing retrofit**

Retrofit pre 1980 homes with low flow shower heads and toilet displacement devices. Offer to install these devices and follow up at least 3 times.

**3. Distribution system water audits, leak detection and repair.**

Once every 3 years complete a water audit of the water supplier's distribution system using a methodology such as that described in the American Water Works Association's "Manual of Water Supply Practices, Water Audits and Leak Detection". Advise customers whenever it appears possible that leaks exist on the customers' side of the meter; and perform distribution system leak detection and repair whenever the audit reveals that it would be cost-effective.

**4. Metering with commodity rates for all new connection and retrofit of existing connections.**

Require meters for all new connections and billing by volume of use. Establish a program for retrofitting any existing unmetered connections and billing by volume of use.

**5. Large landscape water audits and incentives.**

Identify larger than three acre irrigators, contacting them, offer landscape audits and provide cost-effective incentives to help achieve implementation follow up audits at least every 5 years. Provide multilingual training if necessary for implementation.

**6. Landscape water conservation requirements for new and existing commercial, industrial, institutional, governmental and multi-family developments.**

Follow the "Model Water Efficiency Landscape Ordinance" as the model for these requirements. Initiate an effectiveness study within 2 years of the date local agencies must adopt ordinances under the act.

**7. Public information.**

Adopt ongoing programs promoting water conservation and provide speakers for community groups and media. Utilize public service advertising, bill inserts, other government agencies, industry groups and public interest groups to publicize water conservation. Provide users with consumption statement, in their billing statement, showing gallons of water used per month as a comparison to the consumption in the previous year.

#### **8. School education**

Adopt ongoing programs promoting water conservation benefits (i.e. provide educational materials, teacher training, and instructional assistance).

#### **9. Commercial and industrial water conservation.**

Identify and contact the top 10% of the industrial and commercial customers directly, offering audits and incentives sufficient to achieve customer implementation of conservation measures, and provide follow up audits at least once every 5 years if necessary.

#### **10. New commercial and industrial water use review.**

Review proposed water uses for new commercial and industrial water services and recommend water efficiency measures before completion of building permit process.

#### **11. Conservation pricing.**

Implementation methods shall be at least as effective as eliminating non-conservation pricing and adopting conservation pricing.

Conservation pricing includes rates to recover costs of providing service, billing for water and sewer based on metered water use, as well as one of the following; seasonal rates, excess use surcharges to reduce peak demands, rates based upon long-run costs, or adding system capacity.

Conservation pricing does not include a decrease in price as quantity increases, fixed rates for water consumption, or billing which is determined by high fixed charges and low commodity charges.

#### **12. Landscape water conservation for new and existing single-family homes.**

Provide guidelines, information and incentives for installation of efficient landscape water saving practices. Enact and implement landscape water conservation ordinances.

**13. Water waste prohibition.**

Enforce prohibition on gutter flooding, sales of self regenerating water softeners, single pass cooling systems, non-recirculating car washes and laundry machines, and non-recycling water fountains.

**14. Water conservation coordinator.**

Designate an individual responsible for preparing the conservation plan, managing the implementation, and evaluating the results.

**15. Financial incentives.**

Offer incentives to implement conservation programs.

**16. Ultra-low-flush toilet replacement.**

Implement programs for replacement of existing high-water-using toilets. Offer rebates up to \$100 for each toilet replacement or mandate replacement at time of resale.

**D) RECOMMENDED WATER CONSERVATION PLAN**

The recommended water conservation plan should consist of all BMP's found to be affective after the evaluation process is done. The plan should clearly state the different facets of the BMP's and what they are intended to accomplish as well as describe actions and plans to enforce conservation measures. In addition, a projection of the total water savings should be included.

**E) WATER SHORTAGE PLAN**

Provide an urban water shortage contingency plan that includes the following elements that are within the authority of the urban water supplier.

1. A reasonable definition of water shortage that will mandate action of this plan.
2. Past, current, and projected water use and, to the extent records are available, a breakdown of those uses on the basis of residential, industrial, irrigation, and landscape.
3. An estimate of the minimum water supply available at the end of 12, 24, and 36 months, assuming the worst case water supply shortages.
4. Stages of action to be undertaken by the urban water supplier in response to supply shortages including up to a 50 percent reduction in water supply.

Include an outline of specific water supply conditions that are applicable to each stage.

5. Mandatory provisions to reduce water use that include prohibitions against specific wasteful practices, such as gutter flooding.
6. Consumption limits in the most restrictive stages that would reduce water use and is appropriate for its area. Examples may include but are not limited to percentage reduction in water allotments, per capita allocations, increasing block rate for high usage, and restrictions on specific uses.
7. Penalties or charges for excessive use.
8. An analysis of the impacts of the plan on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.
9. A draft water shortage contingency resolution or ordinance to carry out the urban water shortage contingency plan.
10. A mechanism for determining actual reductions in water use pursuant to the urban water shortage contingency plan.

#### **OTHER STATE LAW**

The Urban Water Management Planning Act, Water Code Section 10610 et. seq, as amended by AB 892, requires every urban water supplier to prepare and adopt an urban water management plan that includes specific elements. Water districts providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually are subject to this legislation.

In addition to the requirements specified by the Division, additional Water Code conservation plan requirements include:

1. Methods to increase the use of reclaimed water in areas in which the use of potable water is not required.
2. Describe financial incentives used to encourage the use of reclaimed water and the results of these actions in terms of acre-feet per year used.
3. Describe water reclamation measures for agricultural irrigation, landscape irrigation, wildlife habitat enhancement, wetlands, industrial reuse,

groundwater recharge, and other appropriate uses.

4. Identify actions and incentives to facilitate the development of dual water systems for the use of reclaimed water in new construction, for flushing toilets and urinals, landscaping, golf courses, cemeteries, irrigation, and other appropriate purposes.
5. Describe alternative conservation measures, including , but not limited to pool covers and water saving fixtures and appliances (ie.horizontal loading washing machines and water efficient dishwashers).

These conservation measures that may be imposed by Assembly Bill 892 will not be enforced by the Board with respect to State Revolving Fund Loans, however, at some time these requirements may be imposed by law.

A water conservation program that is consistent with these requirements should be adequate for many districts, however, it may not be complete for all districts. These requirements do not limit the amount of material that is required in a conservation program, but only act as guidelines for program review. Any additional criteria that a district feels is necessary should also be incorporated into the conservation plan.





# **REVENUE PROGRAM GUIDELINES**

(Appendix G)

**March 1998 EDITION**

from the

**POLICY FOR IMPLEMENTING THE STATE  
REVOLVING FUND FOR CONSTRUCTION  
OF WASTEWATER TREATMENT FACILITIES**

**CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
STATE WATER RESOURCES CONTROL BOARD**

# Table of Contents

## Revenue Program Guidelines

<b>GUIDELINES</b>	<b>Page</b>
<b>SECTION 1 - General</b>	
General Requirements	G - 1
Annual Revenue Requirements	G - 3
Identification of Users	G - 4
Allocation of Annual Revenue Requirements and Rate Determination	G - 5
Implementation and Maintenance	G - 7
 <b>SECTION 2 - Special Considerations</b>	
Regional Treatment Systems	G - 9
Individual Systems	G - 10
Connection Fees	G - 10
Standby Charges	G - 10
Minimum Charges	G - 10
 <b>SECTION 3 - Sewer Use Ordinance</b>	 G - 10
 <b>SECTION 4 - Dedicated Source of Revenue</b>	 G - 11
 <b>MISCELLANEOUS AND DATA TABLES</b>	
Definitions	G - 13
Wastewater Capital Reserve Fund, sample resolution	G - 15
Sewer Use Ordinance, certification of compliance	G - 16
Sewer Use Ordinance requirements	G - 17
Letter of Intent	G - 18
Useful lives and allocation parameters	G - 19
Commercial user strength characteristics	G - 21
Typical flows from various sources and devices (Tables G-1 through G-6)	G - 23
Notice of proposed change in wastewater rates	G - 26
 <b>REVENUE PROGRAM FORMS AND INSTRUCTIONS</b>	
Form 1 "Summary of Users and Wastewater Characteristics"	G - 29
Form 2 "Annual O. M. & R. and Nonoperating Costs"	G - 31
Form 3 "Capital Cost Allocation"	G - 33
Form 4 "Unit Cost Determination"	G - 35
Form 5v "Summary of Variable Portion of O. M. & R. Costs"	G - 37
Form 5f "Summary of Fixed Portion of O. M. & R. Costs"	G - 39
Form 5c "Summary of Capital Replacement Fund Costs"	G - 41
Form 5d "Summary of Debt Service Fund Costs"	G - 43
Form 5w "Summary of Wastewater Capital Reserve Fund Costs"	G - 45
Form 6 "Summary of Total Annual Revenue Required"	G - 47
Form 7 "Rate Determination and Revenue Program Summary"	G - 49
 <b>INDEX</b>	 G - 51

STATE OF CALIFORNIA  
**STATE WATER RESOURCES CONTROL BOARD**  
**DIVISION OF CLEAN WATER PROGRAMS**

**REVENUE PROGRAM GUIDELINES**  
(March 1998 Revision)

**INTRODUCTION**

The Revenue Program Guidelines (Guidelines) are intended to provide assistance to all cities, counties, special districts and public agencies in developing, implementing, and maintaining revenue programs and implementing ordinances to comply with Section 204(b)(1) of the Clean Water Act, Federal and State Regulations, and Policies of the State Water Resources Control Board (SWRCB). In these Guidelines all cities, counties, special districts, and public agencies are referred to by the term "municipalities". These Guidelines apply to all recipients of State Revolving Fund (SRF) loans. Some municipalities may desire to deviate from specific provisions. Deviations should be discussed with the revenue program specialist. His phone number is (916) 227-4489.

The revenue program specialist of the Division of Clean Water Programs (Division) is available to answer inquiries relating to the preparation of revenue programs, these Guidelines, and implementing ordinances.

**SECTION 1 - GENERAL**

**Section 1-1 - General Requirements**

A. **Revenue program**

The revenue program is a formally documented determination of a user charge system developed by the municipality. It is designed to provide a source of revenue for operation, maintenance, and replacement (O. M. & R.) costs of the wastewater system that satisfies Federal and State requirements. In addition, debt service and revenue for establishing a capital reserve fund and an operating reserve fund may be collected by the system of charges based on actual use, or, if approved, by ad valorem taxes.

B. **System of service charges**

A system of service charges is developed first by estimating the municipality's annual revenue requirements for the total wastewater system O. M. & R., including those portions which were not grant or loan funded. Rates are then set based on the identification of the users and their respective contribution to the wastewater loading of the treatment works. This process is described in detail in these Guidelines.

C. **Revenue program submittals**

Revenue programs must be submitted to the Division by the municipality. Programs submitted by a consultant will not be reviewed unless accompanied by a cover letter from the municipality. All correspondence must include the following information and be signed by the authorized representative:

1. Municipality's name, address and phone number;
2. Loan number(s); and
3. Purpose of revenue program (draft, final or update).

D. **Facilities plan submittals**

A draft (proposed) revenue program and a draft of an ordinance or resolution dedicating a source of funds for repayment of the SRF loan (see Section 4 on Page G-11 of these Guidelines) must be submitted to the Division as part of the facilities plan during the planning process. The draft revenue program will be reviewed by the Division and the municipality will be informed of any deficiency in the proposed user charge system. The draft revenue program must be approved by the Division prior to Division approval of the facilities plan. The final ordinance or resolution dedicating a source of funds for repayment of the SRF loan must be adopted by the municipality before issuance of a loan contract.

E. **Final submittal requirements**

A final revenue program and adopted sewer use ordinance (see Section 3 on Page G - 11 of these Guidelines), must be submitted to, and approved by, the Division prior to pay out of funds beyond 90 percent of the loan amount. The sewer use ordinance must be enforced upon completion of construction.

F. **Rate ordinance or resolution**

A draft of the proposed rate ordinance or resolution must be submitted with the final revenue program. An enacted rate ordinance or resolution must be submitted prior to completion of construction. The rates in the ordinance or resolution must agree with those shown in an approved revenue program. A new revenue program will be required when O. M. & R. costs change substantially. The enacted rate ordinance or resolution must be enforced upon completion of construction.

G. **Draft and final revenue program format**

The draft revenue program may be either separately bound and labeled or included with the facilities plan. If the revenue program is included with the facilities plan, it is the municipality's responsibility to insure that the Division's revenue program specialist receives a copy. The final revenue program must be separately bound and labeled. Only one copy needs to be submitted to the Division for approval.

H. **Revenue program forms**

The revenue program forms contained in these Guidelines, beginning on Page G - 29, if utilized, will facilitate Division review and approval. In most cases, the forms indicate all the information that is necessary for a revenue program.

I. **Pre-existing agreements**

The user charge system shall take precedence over any terms or conditions of agreements or contracts that the municipality may be party to that are inconsistent with the requirements of these Guidelines. (See also Section 1-4 B.4. on Page G - 6) If there are any pre-existing agreements or contracts that are inconsistent with the requirements of these Guidelines the municipality must notify the Division's revenue program specialist at the time a revenue program is submitted for review.

J. **Letter of intent**

A letter of intent executed by any industrial user which will contribute more than ten (10) percent of the treatment works design flow or design loading must be submitted with the draft revenue program. A sample letter of intent is provided on Page G - 18. Letters documenting commitments by industrial

users intending to increase flows or loadings or to locate in the municipality's service area in the future must also be submitted with the draft revenue program.

**K. Public notice requirement**

The charges developed in the revenue program and capital costs which are collected via a medium other than the user charge must be published in a newspaper of general circulation within the municipality's service area. The notice must substantially follow the format shown on Page G - 15.

**Section 1-2 - Annual Revenue Requirements**

**A. Operation and maintenance, including replacement (O. M. & R.)**

1. Municipalities need funds to pay the annual costs of O. M. & R. of the treatment works. These costs include the costs of labor, power, chemicals, supplies, laboratory control and monitoring, general administration, billing, and incidental items incurred during normal operation. Also included are those expenditures termed ordinary repairs necessary to keep the treatment works in proper operating condition, replacement (as defined below) and other administrative costs, such as overhead and accounting which are directly related to the O. M. & R. of the treatment works.
2. An estimate of O. M. & R. costs should be made by adjusting the municipality's latest operating cost data to reflect operational changes, wage escalation, and staffing changes. In the case of newly constructed facilities, estimated O. M. & R. costs must be listed in the facilities plan by the engineer.

**B. Replacement costs**

1. A separate line item for replacement must be shown in the calculation of the annual revenue requirements. Replacement costs include all expenditures required for a facility to operate for its design life. Replacement costs do not include the following capital costs:
  - a. Major rehabilitations which may be needed as individual unit processes near the end of their useful life;
  - b. Structural rehabilitations; or
  - c. Facility expansions or upgrades to meet future user demands or upgrade treatment.
2. Replacement costs include such items as: pumps, motors, telemetry and electrical controls, air scrubbing equipment, chlorination and dechlorination equipment, vehicles, radios, etc.
3. Replacement costs should be based, at a minimum, on a five (5) year planning cycle. For example, assume that a municipality estimates it will have to replace \$85,000 worth of equipment over the next five (5) years and it has \$10,000 in the replacement account. The annual replacement cost to be included in the user charge would be:
$$\frac{\$85,000 - \$10,000}{5 \text{ years}} = \$15,000 \text{ per year}$$
This cost must be recalculated each year.
4. The municipality may, in lieu of the five (5) year replacement plan, deposit an amount in the replacement fund equal to the sum of the straight line depreciation (based on current costs) of the assets (excluding structural facilities such as buildings, ponds, pipes, etc).

C. **Debt service**

1. Debt service is the annual sum of the principal and interest payments on proposed or outstanding obligations secured by bonds or loan contracts. A SRF loan received from the SWRCB must be repaid via a dedicated source of revenue (see Section 4 on Page G - 11 of these Guidelines). A separate account must be maintained within either the debt service fund or the enterprise fund for repayment of the SRF loan.

D. **Wastewater capital reserve fund**

1. Municipalities participating in the SRF program are required to establish a wastewater capital reserve fund (WCRF), prior to receiving a loan contract. The WCRF is required to help pay for future expansion, improvements, and rehabilitation. Payments to the WCRF usually appear as a separate line item within the annual budget. The Municipality must also give assurances that the WCRF will be maintained in accordance with the requirements of the SRF program Guidelines until the loan is fully discharged. Sample ordinance/resolution language is provided on Page G-15.

E. **Operating reserve fund (optional)**

1. Municipalities are encouraged to establish an operating reserve fund to insure the proper operation of the treatment works. This fund is intended to satisfy costs associated with unanticipated price increases, additional chemical usage, etc. It does not include costs for replacement of equipment. Wastewater agencies in California normally operate with reserves of between 10 and 50 percent of annual revenue requirements.

**Section 1-3 - Identification Of Users**

- A. After the annual revenue requirements are determined, the users of the treatment works and their associated wastewater flows and loadings (BOD<sub>5</sub>, SS, or other appropriate constituents) must be identified. Flows and loadings must be documented for the user groups listed below, in order that proportional costs can be calculated. All users of the treatment works must be included in the revenue program.

1. **Residential users** Individual cost allocations need not be made for various types of residential users. However, municipalities may wish to divide residential users into single family, multiple family, or mobile home subgroups to allow for more refined cost allocations.
2. **Commercial users** Because of great variability in wastewater flow rates, the commercial group should be divided into appropriate subgroups defined in the **Commercial User Strength Characteristics** table on Page G - 21 of these Guidelines. The strengths given on Page G - 21 need not be used if the municipality has supportable data relating to other specific loadings. Large commercial users discharging more than 25,000 gallons per day must have their costs allocated individually.
3. **Institutional users** Costs must be allocated to individual users or to user groups, such as public or private hospitals, convalescent homes, schools, colleges, correctional facilities, etc.
4. **Industrial users** Because of great variability in wastewater flow rates, the industrial group may need to be divided into appropriate subgroups. Industrial users contributing more than 25,000 gallons per day or using five (5) percent, or more, of plant design capacity must have costs allocated individually.

5. **Outside municipalities** Any outside municipality discharging to the treatment works must be listed as a separate user group.
6. **Septage** If septage is received by the treatment works, this category must be listed as a user group with the corresponding flows and loadings. The charges established for septage must be based on its contributing loadings. Generally, a 1,000 gallon dumping contains 45 lbs (5,400 mg/l) of BOD<sub>5</sub> and 100 lbs (12,000 mg/l) of SS. These loadings should be used for septage from residential septic tanks only. Other types of septage from commercial or industrial sources must be sampled at the discharger's expense to allow a proper charge and prevent unacceptable discharges.

## **Section 1-4 - Allocation Of Annual Revenue Requirements And Rate Determination**

### **A. Rate determination**

1. Allocation of annual costs is done in two steps. First, the cost is allocated among the treatment parameters (flow, BOD<sub>5</sub>, SS, and other appropriate constituents) in proportion to the percentage of costs that these parameters represent. Second, these amounts are divided by either total annual plant loadings or total design loadings to produce unit costs for each parameter. When these unit costs are multiplied by the loadings or design quantities of each user, an annual rate in proportion to the user's demand on the system is established.

### **B. Policies affecting rate determination**

#### **1. Users pay costs of O. M. & R.**

The portion of the annual revenue requirements which constitute the cost of O. M. & R. of the treatment works must be recovered from users of the system by means of a user charge system based either on actual use or through a pre-approved ad valorem tax system. User charges must recover the cost of O. M. & R. from users based on their proportionate contribution to the total wastewater loading from all users. The total O. M. & R. budget may, however, be offset by income derived from the operation of the treatment works; such as sale of used equipment, sludge, sludge gas, residues, reclaimed wastewater, farm crops, power created by the effluent or other by-products. Investment income from assets of the wastewater enterprise is also considered operating income if the assets were originally funded with income generated from user charges.

#### **2. Low income discount allowed**

Municipalities may (at their option) adopt reduced (less than proportionate share) rates for low income residential users. Low income users are defined as any user whose income is below the poverty rate established within the municipality's service area. These reduced service charges, if used, must be based on an economic consideration only. The discount may not be applied only to a subgroup under the poverty level (i.e., only to senior citizens).

#### **3. Rules for low income discount**

If the municipality decides to adopt a low income discount rate the following rules apply:

- a. The discount rate selected will apply to all users who qualify for the discount;
- b. Eligibility for the discount must be verified at least annually; and
- c. All revenues which are lost because of the discount must be recovered from other users of the system through increased service charges. The provisions of Section 1-1 K. (Public Notice) of these Guidelines apply to the granting of discounted rates.

4. **Pre-existing agreements**

Any pre-existing agreements which levy O. M. & R. charges for more or less than the rates calculated through the revenue program based on actual (or estimated) use will not be allowed to continue, and the charges must be revised to reflect the approved rates. (refer to Section 1-1 I. on Page G - 2)

5. **Recovering non O. M. & R. costs**

- a. The Division recommends that funds for the cost of debt service, capital improvements, etc. be collected with the O. M. & R. service charge in proportion to the cost of the service rendered. However, the municipality may charge for these other revenue requirements through service charges, ad valorem taxes, or standby charges or assessments. If they are collected through service charges, and the municipality does not wish to recover these other costs in proportion to system use, public notice describing the impacts of the proposed rate structure is required. An opportunity for public comment within a reasonable period of time prior to final adoption of the rate ordinance by the municipality must be given. Notice shall be given by direct mailing to all organizations and individuals who have previously requested such notice and to all users of the system who will be adversely affected by the change in rates.
- b. The notice must substantially follow the format of the Public Notice Format on Page G - 26 of these Guidelines. The municipality may wish to include in the notice, a discussion of the facts which prompted the proposed rate ordinance, and the pros and cons of the enactment.

C. **Allocation of costs based on flow only**

1. Allocation of O. M. & R. costs based on flow only may be made if either one of the following conditions are met:
  - a. The municipality's service area (or the service area of a municipality participating in a regional system) contains less than 10,000 current population, no industrial users, and does not receive septage flows; or
  - b. The residential design flow exceeds 95 percent of total design flow of the treatment works and there are no industrial or septage flows.

D. **Allocation of costs based on ad valorem (A/V) taxes**

1. A municipality's user charge system based on ad valorem (A/V) taxes may be approved if:
  - a. On December 27, 1977, the municipality had in existence a system of dedicated A/V taxes which collected revenues to pay the cost of O. M. & R. of wastewater treatment works within its service area, and it has continued to use that system;
  - b. The A/V user charge system distributes the O. M. & R. costs for all treatment works within the municipality's service area to the residential and small non-residential user class (including, at the municipality's option, nonresidential, commercial and industrial users that are not required to have their costs allocated individually per Section 1-3 A.2 and A.4. of these Guidelines);
  - c. Each industrial and commercial user which discharges more than 25,000 gallons per day (or more than five (5) percent of the design flow) must pay its share of O. M. & R. costs of the treatment works based on charges for actual use; and



- d. A system of surcharges and rebates is instituted to insure that all users (or user groups) pay their proportionate share of the O. M. & R. costs.
2. The user charge for tax exemption organizations may not be adjusted to recoup lost taxes (160 Cal Rptr 925; 100 CA 3d547).

**E. Allocation of costs of infiltration and inflow (I / I)**

1. The user charge system shall provide that costs of O. M. & R. for all infiltration and inflow (I / I) flows not directly attributable to users be distributed among all users based upon either of the following:
  - a. In the same manner that it distributes the costs for their actual use; or
  - b. Under a system which uses one or any combination of the following factors on a reasonable basis:
    - (i) Flow volume of the users;
    - (ii) Land area of the users;
    - (iii) Number of hookups or discharges of the users;
    - (iv) Property valuation of the users (if A/V taxes are used).

**F. Administrative costs**

1. Administrative costs may be included in the O. M. & R. cost allocation, or they may be separated and allocated on another equitable basis, such as number of accounts.

**Section 1-5 - Implementation And Maintenance**

**A. Implementing ordinances**

1. A municipality's user charge system, as described in the final revenue program, must be incorporated in one or more municipal legislative ordinances or other legally binding requirements.
2. If the treatment works accepts wastewater from other municipalities, the other municipalities receiving waste treatment services must also adopt user charge systems in accordance with these Guidelines.

**B. Accounting systems**

1. All special districts including county water, community service and public utility districts must use the uniform system of accounts prescribed for wastewater disposal districts under Title 2, Division 2, Chapter 2, Sections 1101.1 through 1103.4 of the California Administrative Code. Those municipalities not subject to the uniform system of accounts must establish accounting systems for wastewater treatment conveyance, treatment, and disposal which will provide essentially the same level of detail as the uniform system.
  - a. Wastewater activities will be accounted for in an enterprise fund. An enterprise fund is a fund established to account for operations; (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the

governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. The enterprise fund will consist of at least two revenue and three expense accounts as follows:

a. **Revenue accounts**

- (i) **Service charge revenue** Only service charges, dedicated A/V taxes and income generated from the operation of the wastewater facility (see Section 1-4 B. 1. of these Guidelines) will be deposited to this account. Funds from this account may be used for any wastewater related activity.
- (ii) **Capital revenue** All other sources of revenue (i.e., connection fees, augmentation funds, standby charges, non-dedicated A/V, etc.) will be deposited in this account. Funds from this account may only be used for facility expansion, facility upgrade and major rehabilitation projects. O. M. & R. costs may **not** be funded from this account (see Section 1-2 B. of these Guidelines for discussion of replacement costs).

b. **Expense accounts**

- (i) **Operation and maintenance** Designated for the specific purpose of defraying the operation and maintenance costs of wastewater conveyance, treatment, and disposal. These costs must be funded from the service charge revenue account.
- (ii) **Replacement** Designated for the specific purpose of ensuring that replacement funds are available to maintain the capacity and performance of the treatment works over its useful life. This fund does not include money set aside for unexpected price increases which should be accumulated in an operating reserve fund. Replacement costs must be funded from the service charge revenue account.
- (iii) **Capital expenditures** Designated for any other wastewater related activity not properly included in either the Operations and Maintenance Account or Replacement Account. Either of the above mentioned Revenue Accounts (see 2.a.(i) and 2.a.(ii) above) may be used to fund expenditures charged to this account.

C. **Temporary loaning of funds**

- 1. The aforementioned requirements do not preclude the loaning of funds from the wastewater enterprise accounts (including capital reserves) for other authorized uses provided the following conditions are met:
  - a. It has been established that these funds will not be needed for wastewater activities for the period of the loan;
  - b. The loan is recorded in the appropriate wastewater fund account with the loan period specifically shown;
  - c. The fund borrowing the money repays the loan with at least as much interest as the money would have earned if the money had not been loaned; and
  - d. There are no other regulations, bond covenants, etc. limiting the loaning of the funds.

D. **Requirements for review and approval**

1. Implementation and maintenance of an approved revenue program is required as a condition of every loan contract. Each municipality must maintain all records which are necessary to document compliance with appropriate State and Federal requirements.
2. The financial documents, audits, budgets, user charge system, etc. of the municipality's wastewater enterprise are subject to review by the staff of the SWRCB to insure compliance with these Guidelines during the life of the SRF loan.
3. The municipality shall review and revise its system of service charges and rate ordinances or resolutions as necessary to reflect actual funding needs of the treatment works.
4. Any time that rates are changed, a copy of the review work papers and rate ordinance or resolution modification, if any, shall be forwarded to the Division's revenue program specialist for review and approval.

**SECTION 2 - SPECIAL CONSIDERATIONS**

**Section 2-1 - Regional Treatment Systems**

- A. When treatment works serving more than one municipality are consolidated into a regional system, the following requirements for institutional and financial arrangements apply:

1. **Institutional arrangement**

Any number of institutional arrangements between agencies participating in a regional system are acceptable. Special districts or joint powers authorities may be formed or service agreements entered into which designate a municipality as "lead agency" to apply for and receive a loan. Regardless of which institutional arrangement is chosen, the user charge system outlined in the revenue program must cover all wastewater treatment services provided and each participating municipality must adopt its own user charge system and rate ordinance or resolution.

2. **Submission of a revenue program for a regional system**

- a. If the regional municipality is authorized to bill all of the individual users of the system, only one revenue program and rate ordinance or resolution is required.
- b. If the regional municipality bills a subscribing municipality, which in turn bills the individual users, separate revenue programs and rate ordinances or resolutions are required for the regional municipality and each subscribing municipality. The regional municipality's charges to a subscribing municipality must be based on actual use and include the fixed cost of reserved capacity if capacity is reserved for specific subscribing municipalities.

3. **Interagency agreements**

All interagency agreements for wastewater services and/or charges must be submitted to the Division for review. These agreements should address the issue of how the costs of future plant expansions will be allocated.

## **Section 2-2 - Individual Systems**

- A. The user charge system requirements apply to SRF loan funded alternative wastewater treatment systems (including dual waterless/gray water systems), even if privately owned, which are neither connected to nor are part of any conventional treatment system.

## **Section 2-3 - Connection Fees**

- A. Normally, a portion of the capital costs of a project are recovered from future users through connection fees. If connection fees are not collected because anticipated growth does not occur, the capital costs of the plant must be recovered from the existing users. Because anticipated growth does not always occur, existing users should be informed of these potential costs before commitments are made to fund the project. Accordingly, for treatment works with more than 25 percent of the total treatment plant capacity reserved for future users, an analysis is required of the charges which would be assessed to existing users if anticipated growth does not occur. This analysis must be included in the proposed revenue program.
- B. Connection fees may be used to recover debt service costs which would have been recovered on an annual basis, if the user had been connected when the treatment works began operation. This fee may not be used to recover excessive cost from future users of treatment works in order to reduce charges to current users. Connection fees may not be used to fund replacement costs.

## **Section 2-4 - Standby Charges**

- A. Standby charges may be used to recover debt service from potential users prior to connection, if service is available and the standby charge is proportionate to the available service. Standby charges shall not be charged to properties for which no capacity or insufficient capacity is available.

## **Section 2-5 - Minimum Charges**

- A. If a municipality charges flat rate for some users and a variable rate (such as water consumption), for others, a minimum charge may be established for the variable rate users to collect the fixed costs of providing service. This charge must not be more than the minimum charged to any user group which is charged a flat rate. For example, if apartments are charged a flat rate which is less than the single family rate, the minimum charge to customers paying on water consumption would be the rate charged to apartments, not single family residences. The same minimum charge must be applied to all user groups which have a minimum charge, unless it can be shown that fixed costs vary significantly.

## **SECTION 3 - SEWER USE ORDINANCE**

- A. A sewer use ordinance or other legally binding document shall prohibit any new connections from inflow sources into the treatment works and require that new sewers and connections to the treatment works are properly designed and constructed. The ordinance or other legally binding document shall also require that all wastewater introduced into the treatment works not contain toxics or other pollutants in amounts or concentrations that endanger public safety and physical integrity of the treatment works; cause violation of effluent of water quality limitations; or preclude the selection of the most cost-effective alternative for wastewater treatment and sludge disposal. Refer to Pages G - 16 and G - 17 of these Guidelines.

#### **SECTION 4 - DEDICATED SOURCE OF REVENUE**

- A. Section 603(d)(1)(C) of the Federal Clean Water Act Amendments require each loan recipient to establish one or more dedicated sources of revenue for repayment of the loan. A dedicated source can be a special assessment, general taxes, general obligation bonds, revenue bonds, user charges, or other sources.
- B. Revenue will be considered dedicated when the municipality passes an ordinance or resolution committing a source of funds for repayment. The ordinance or resolution dedicating a source of funding for repayment of the loan must be adopted before issuance of the loan contract.
- C. Ordinance or resolution language equivalent to the following would be acceptable:
  - 1. The (municipality) hereby dedicates the following source of revenue (user charge, proceeds of revenue bonds, etc.) to repayment of any and all State Revolving Fund loans on Project No. C-06-\_\_\_\_\_ - \_\_. This dedicated source of revenue shall remain in effect until such loan or loans are fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

BLANK PAGE

## DEFINITIONS

As used in these Guidelines, the following words and terms shall have the meaning as set forth below:

**Ad Valorem Tax (A/V):** A tax based upon the value of real property.

**Applicant:** A municipality that has (or will) applied for a SRF loan.

**CAC:** California Administrative Code.

**Capital Costs:** Costs of facility expansion, facility upgrades, major rehabilitation or construction or replacement to extend the useful life of the facility.

**Combined Sewer:** Sewage - storm or industrial - storm drain combination.

**Commercial User:** All retail stores, restaurants, office buildings, laundries, and other private business and service establishments, including churches and lodges.

**Connection Fee:** A fee paid by a new system user for the capital costs of capacity made available for its use.

**Construction:** The planning, designing, and construction of any treatment works.

**Division:** The Division of Clean Water Programs of the State Water Resources Control Board.

**Financial Plan:** A description of the proposed institutional arrangements that will be used to manage the project, and of the amount and sources of funds necessary to finance the municipality's share of the project cost and to provide for cash flow during the design and construction periods.

**Future Capacity:** Available treatment works capacity which is not needed to serve existing users.

**Industrial User:** Any nongovernmental nonresidential user of publicly owned treatment works which is identified in the Standard Industrial Classification Manual, 1972, Office of Management and Budget, as amended and supplemented, under the following divisions:

- a. Division A - Agricultural, Forestry, and Fishing;
- b. Division B - Mining;
- c. Division D - Manufacturing;
- d. Division E - Transportation, Communications, Electric, Gas, and Sanitary; and
- e. Division I - Services.

A user in the divisions listed may be excluded if it is determined that the user will introduce primarily segregated domestic waste or wastes from sanitary conveniences.

**Infiltration:** Water other than wastewater that enters a sewer system (including sewer service connections and foundation drains) from the ground through such means as defective pipes, pipe joints, connections, or manholes. Infiltration does not include, and is distinguished from, inflow.

**Inflow:** Water other than wastewater that enters a sewer system (including sewer service connections) from sources such as, but not limited to, roof leaders, cellar drains, yard drains, area drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include, and is distinguished from infiltration.

**Municipality:** Any political subdivision of the state such as a county, city, special district or public agency formed under the laws of the state.

**O. M. & R.:** Operation, maintenance and replacement.

**Project:** The scope of work for which assistance is awarded by a loan contract.

**Rehabilitation:** Extraordinary expenditures for obtaining and installing equipment, accessories, or appurtenances which extend the useful life and/or improve the capacity or efficiency of the treatment works as originally designed. Rehabilitation costs are considered capital outlays.

**Replacement:** Expenditures for obtaining and installing equipment, accessories, or appurtenances which are necessary during the useful life of the treatment works to maintain the capacity and performance for which such works were designed and constructed.

**Revenue Program:** A formal documentation of charges designed to provide revenues for O. M. & R., and local debt service for treatment works, and which demonstrates compliance with SRF policies on user charges.

**Service Charge:** A charge levied on a user of the treatment works which includes a user charge to recover the costs of O. M. & R. and which may include a charge for capital reserve and debt service.

**Treatment Works:** Any devices and systems used in collection, transport, storage, treatment, disposal, recycling, and reclamation of municipal sewage or industrial wastes of liquid nature, or necessary to recycle or reuse water at the most economical cost over the useful life of such works.

**User:** A recipient of wastewater collection and/or treatment services as described in the definition of "Treatment Works".

**User Charge:** A charge levied on users of a treatment works for the cost of O. M. & R.



RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE \_\_\_\_\_ OF THE \_\_\_\_\_  
ESTABLISHING A WASTEWATER CAPITAL RESERVE FUND IN ACCORDANCE  
WITH THE STATE WATER RESOURCES CONTROL BOARD'S REQUIREMENTS  
OF THE STATE REVOLVING FUND LOAN PROGRAM**

WHEREAS, the \_\_\_\_\_ *of the* \_\_\_\_\_ authorized the \_\_\_\_\_ manager to apply for a State Revolving Fund (SRF) loan to fund all or a portion of the cost of expansion and improvement of the wastewater treatment facilities; and

WHEREAS, the State Water Resources Control Board requires, as a condition of approval of the loan, the establishment of a Wastewater Capital Reserve Fund for future expansion, major repair or replacement costs:

NOW THEREFORE BE IT RESOLVED by the \_\_\_\_\_ of the \_\_\_\_\_ that:

1. A dedicated Wastewater Capital Reserve Fund shall be created, and,
2. Said Wastewater Capital Reserve Fund shall be administered, by the \_\_\_\_\_, as required by the "Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities" adopted by the State Water Resources Control Board on June 18, 1998.

The foregoing resolution was adopted by the \_\_\_\_\_ of the \_\_\_\_\_ at its meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST;

APPROVED AS TO FORM:

\_\_\_\_\_  
Name  
Title

\_\_\_\_\_  
Name  
Title

**SATISFACTORY EVIDENCE OF COMPLIANCE  
SEWER USE ORDINANCE**

I, \_\_\_\_\_ (Name) \_\_\_\_\_ certify, as duly authorized representative of \_\_\_\_\_ (municipality) \_\_\_\_\_, that the \_\_\_\_\_ (municipality) \_\_\_\_\_ will have, in each jurisdiction served by the treatment works, an enacted sewer use ordinance or other legally binding requirement which will:

1. Prohibit any new connections from inflow sources to the sanitary sewer portions of the sewer system;
2. Require new sewers and connections to the sewer system to be properly designed and constructed; and
3. Prohibit the introduction into the treatment works of any toxics or other pollutants in amounts or concentrations that endanger public safety and physical integrity of the treatment works; or cause violation of effluent or water quality limitation; or preclude the selection of the most cost effective alternative for wastewater treatment and sludge disposal.

This ordinance will be enacted prior to ninety percent (90%) of construction and enforced upon completion of construction.

Date \_\_\_\_\_ (typed) \_\_\_\_\_

Name \_\_\_\_\_ (signature) \_\_\_\_\_

Telephone \_\_\_\_\_

Title \_\_\_\_\_

SAMPLE PARAGRAPHS TO SATISFY  
THE SEWER USE ORDINANCE REQUIREMENTS

1. The ordinance shall prohibit any new connections from inflow sources into the sanitary sewer portions of the sewer system.

Example: Prohibited Waste Discharges

No person shall discharge or cause to be discharged any rainwater, storm water, groundwater, street drainage, subsurface drainage, yard drainage, including evaporative type air cooler discharge water, to any public or private sewer which directly or indirectly connects to the wastewater treatment works of the (municipality).

2. The ordinance shall insure that new sewers and connections to the sewer system are properly designed and constructed.

Example: Construction Standards

Plans for sewer construction shall meet all design requirements of the public corporation having area jurisdiction and shall also meet the design requirements as established from time to time by the Engineer;

and

Inspection of all sewer construction shall be made by personnel of the (municipality) in the manner described in the following sections:

3. The ordinance shall prohibit the introduction of toxics and certain pollutants.

Example: Prohibited Discharges

No person shall discharge or cause to be discharged to any public or private sewer which directly or indirectly connects to the (municipality's) wastewater treatment works any toxic or other waste, if in the opinion of the (manager) such wastes may have an adverse or harmful effect on sewers, maintenance personnel, wastewater treatment plant personnel or equipment, treatment plant effluent quality, public or private property, or may otherwise endanger the public, the local environment or create a public nuisance. The (manager) in determining the acceptability of specific wastes, shall consider the nature of the waste and the adequacy and nature of the collection, treatment and disposal system available to accept the waste.

## GOURMET SOUP COMPANY

Administration Building, Suite 9  
Franklin, CA 98765-4321

Mr. Craig Hagen  
Board of Directors  
Greater Franklin Sanitary District  
Franklin, CA 98765

Dear Mr. Hagen:

### LETTER OF INTENT, ALLOCATED COSTS OF WASTEWATER TREATMENT

It is the intent of the Gourmet Soup Company (Company) to utilize the wastewater treatment facilities of the Greater Franklin Sanitary District (District) to treat approximately 100,000 gallons per day of process wastewater from our facility. This wastewater is expected to have an average strength of 1,200 mg/l of BOD<sub>5</sub> and 3,000 mg/l of SS.

It is understood by the Company that the wastewater treatment facilities were funded, at least in part, by a loan from the State of California. It is further understood that as a condition of this loan, the Company must pay to the District the full cost of operation, maintenance and replacement costs attributable to treating the Company's wastewater.

It is the Company's understanding that if there is a substantial change in the strength, volume, or delivery flow rate characteristics of the waste introduced into the treatment works by the Company, the charges will be adjusted accordingly, and that if there is an expansion or upgrading of the treatment works, charges to the Company will be adjusted accordingly.

Although this letter represents a good faith estimate of period of use and capacity needed by the Company, it is not to be construed as binding the Company to continue discharging any quantity or quality of wastewater to the District's treatment works, to pay for capacity of treatment that it does not use, or to use the facilities for any definite length of time. The information given is provided only to assist the District in sizing the treatment works and to evidence awareness by the Company that it will be required to participate in payment of certain costs, including those described above.

Sincerely,

Mr. Charles Ellison,  
Chairman of the Board

## LIST OF USEFUL LIVES AND ALLOCATION PARAMETERS

To reasonably allocate costs among the various users of wastewater treatment works, a "useful life" must be determined for each major component. Also, the cost of each component must be attributed to its major function. Following is a list of acceptable useful lives and loading parameters. These are satisfactory for general applications. If other parameters or useful lives are used they must be substantiated by documentation or reference and approved by the Division.

TREATMENT UNITS COMPONENT	LOADING PARAMETER	USEFUL LIFE/YRS
Activated Sludge:		
Structure .....	25% BOD <sub>5</sub> , 75% Flow .....	40
Equipment .....	BOD <sub>5</sub> .....	25
Chlorination Facilities:		
Structure .....	Flow .....	30
Equipment .....	Flow .....	12
Digester:		
Structure .....	50% BOD <sub>5</sub> , 50% SS .....	30
Equipment .....	50% BOD <sub>5</sub> , 50% SS .....	12
Grit Chamber:		
Structure .....	Flow .....	40
Equipment .....	SS .....	15
Influent Pump Station:		
Structure .....	Flow .....	40
Equipment .....	Flow .....	15
Miscellaneous:		
Buildings .....	Flow .....	40
Carbon Adsorption .....	BOD <sub>5</sub> .....	25
Interceptor .....	Flow .....	50
Outfall .....	Flow .....	75
Ponds:		
Embankment .....	Flow .....	50
Equipment .....	BOD <sub>5</sub> .....	20
Primary Clarifier:		
Structure .....	Flow .....	40
Equipment .....	35% BOD <sub>5</sub> , 65% SS .....	25
Pumping Stations:		
Structure .....	Flow .....	40
Equipment .....	Flow .....	20
Screen or Comminutor:		
Structure .....	Flow .....	40
Equipment .....	SS .....	15
Secondary Clarifier:		
Structure .....	Flow .....	40
Equipment .....	BOD <sub>5</sub> .....	25
Sludge Thickening:		
Structure .....	50% BOD <sub>5</sub> , 50% SS .....	40
Equipment .....	50% BOD <sub>5</sub> , 50% SS .....	15
Trickling Filter:		
Structure .....	25% BOD <sub>5</sub> , 75% Flow .....	40
Equipment .....	BOD <sub>5</sub> .....	20

BLANK PAGE

## COMMERCIAL USER STRENGTH CHARACTERISTICS

<u>STANDARD CLASSIFICATIONS</u>	<u>BOD<sub>5</sub>(ppm)</u>	<u>SS(ppm)</u>
Residential (average varies depending on average water usage per capita)	175 to 250	175 to 250
Auto Steam Cleaning	1,150	1,250
Bakery, wholesale	1,000	600
Bars without dining facilities	200	200
Car Wash	20	150
Department and Retail Store	150	150
Hospital and Convalescent	250	100
Hotel with dining facilities	500	600
Hotel/Motel without dining	310	120
Industrial Laundry	670	680
Laundromat	150	110
Laundry, commercial	450	240
Market with garbage grinders	800	800
Mortuary	800	800
Professional Office	130	80
Repair Shop and Service Station	180	280
Restaurant	1,000	600
School and College	130	100
Septage	5,400	12,000
Soft Water Service	3	55

## NOTES ON COMMERCIAL USER STRENGTH CHARACTERISTICS

The list of commercial strengths listed on Page G - 21 was derived from data made available to the State Water Resources Control Board (SWRCB) staff by **East Bay Municipal Utility District, City of San Jose, Los Angeles County Sanitation Districts**, and the **Sacramento Regional County Sanitation District**. The results generally represent the mean of the values used by the agencies which collected the data with extreme values eliminated in some cases.

The SWRCB staff feels that the data on strength is representative of most cities in California. The data is provided for your information. The values in the table will be accepted by SWRCB staff. If you feel that the data provided in the table is not representative of your service area, please feel free to utilize more representative data. If strength values for commercial users other than those provided on this list are utilized, supporting data should be submitted to verify values used.



**TABLE G-1**  
Estimated water consumption at different types of establishments.

TYPE OF ESTABLISHMENT	FLOW in GPD per PERSON or UNIT
Dwelling units, residential:	
Private dwellings on individual wells or metered supply	50-75
Private dwellings on public water supply, unmetered	100-200
Subdivision dwelling on individual well, or metered supply, per bedroom	150
Subdivision dwelling on public water supply, unmetered, per bedroom	200
Dwelling units, multiple:	
Apartment houses on individual wells	75-100
Apartment houses on public water supply, unmetered	100-200
Hotels:	50-100
Boarding houses:	50
Lodging houses and tourist homes:	40
Motels, without kitchens, per unit:	100-150
Camps:	
Pioneer type	25
Children's, central toilet and bath	40-50
Day camp, no meals	15
Luxury, private bath	75-100
Labor	35-50
Trailer with private toilet and bath, per unit	125-150*
Restaurants (including toilet):	
Average	7-10
Kitchen wastes only	2.5-3
Short order	4
Short order, paper service	1-2
Bars and cocktail lounges:	2
Average type, per seat	35
Average type, 24 hour, per seat	50
Tavern, per seat	20
Service area, per counter seat (highway)	350
Service area, per table seat (highway)	150
Institutions:	
Average type	75-125
Hospitals	150-250
Schools:	
Day	5-10
Day, with cafeteria or lunch room	10-15
Day, with cafeteria and showers	15-20
Boarding	75
Theaters:	
Indoor, per seat, two showings per day	3
Outdoor, including food stand, per car	3-5
Automobile service station:	
Per vehicle served	10
Per set of pumps	500
Stores:	
First 25 feet of frontage	450
Each additional 25 feet of frontage	400
Country clubs:	
Resident type	100
Transient type, serving meals	17-25
Offices:	10-15
Factories, sanitary wastes, per shift:	15-35
Self service laundry:	250-500
Bowling alleys, per alley:	200
Swimming pools and beaches, toilet and shower:	10-15
Picnic parks, with flush toilets:	5-10
Fairgrounds (based on daily attendance):	1
Assembly halls, per seat:	2
Airport, per passenger:	2½

\* Add 125 gal. per space for lawn sprinkling, car washing, leakage, etc. NOTE: Water under pressure, flush toilets, and wash basins are assumed unless otherwise noted. Figures are flows per capita per day unless otherwise stated.

TABLE G-2

## Design unit sewage flows for recreational facilities

(Yellowstone National Park)

Establishment	Unit	Flow in gpd
Cafeteria	Table seat	150
Campground (developed)	Person	25
Cocktail lounge	Seat	20
Coffee shop	Counter seat	250
Dining room	Table seat	150
Dormitory, bunkhouse	Person	50
Fish cleaning station	Station	7,500
Gas station	Station	2,000-5,000
Hospital	Bed	200
Hotel	Person	75
Laundromat	Washing machine	500
Lodge or cabins	Person	50
Mess hall	Person	15
Offices and stores	Employee	25
Residence homes, apartments	Person	75
Trailer village	Person	35
Visitor centers	Visitor	5

TABLE G-3

## Sewage flows from commercial districts

Establishment	Unit	Flow in gpd
Airport	Passenger	5
Hotel	Person	100
Motel	Person	50
Restaurant	Meal	7
Shopping Center	Employee	60
Small business	Employee	20
Theater	Seat	5

TABLE G-4

## Average sewerage flows from institutional facilities

Establishment	Unit	Flow in gpd
Elementary schools	Student & Staff	10
High schools	Student & Staff	20
Medical Hospital	Patient & Staff	175
Mental hospital	Patient & Staff	125
Prisons	Inmate & Staff	175

TABLE G-5

## Miscellaneous water usage estimates

Item	Unit	Avg. gal. used
Air conditioner, home type, water cooled	gpd	2,880
Automatic home laundry machine	Load	30-50
" " " "	Person	6½-9
Bathtub	Per Use	30
Dishwashing machine, home type	Load	4-8
" " " "	Person	6
Dishwashing machine, commercial type, stationary rack	gpm	6-9
" " " " , Conveyor type	gpm	4-6
Drinking fountain, continuous flowing	gph	75
Garbage disposal, home type	Person	1-4
Shower head	Per Use	25-30
Wash basin	Per Use	1½
Water closet, tank	Per Use	4-5
Water closet, flush valve	gpm	30

TABLE G-6

## Typical composition of domestic waste

Constituent	Strong	Medium	Weak
Alkalinity (as CaCO <sub>3</sub> )*	200	100	50
Biochemical Oxygen Demand, 5-day, 20°C (BOD <sub>5</sub> )	300	200	100
Chemical Oxygen Demand (COD)	1000	500	250
Chlorides*	100	50	30
Grease	150	100	50
Nitrogen, (total as N)	85	40	20
Organic	35	15	8
Free ammonia	50	25	12
Nitrites	0	0	0
Nitrates	0	0	0
Phosphorus, (total as P)	20	10	6
Organic	5	3	2
Inorganic	15	7	4
Settleable solids, (ml/liter)	20	10	5
Solids, total	1200	700	350
Dissolved, total	850	500	250
Fixed	525	300	145
Volatile	325	200	105
Suspended, total	350	200	100
Fixed	75	50	30
Volatile	275	150	70
Total organic carbon (TOC)	300	200	100

NOTE: All values except settleable solids are expressed in mg/liter. \* Values should be increased by amount in carriage water.

## PUBLIC NOTICE FORMAT

### NOTICE OF PROPOSED CHANGE IN WASTEWATER RATES

The City Council of the City of Hagenville is considering a rate ordinance for wastewater treatment which provides that capital costs will not be recovered in proportion to system use. The effect of the ordinance is to reduce costs to industrial and commercial users with a corresponding increase in the rates to residential users.

The following table shows the rates proposed to be charged typical users in the industrial, commercial, and residential categories using the proposed rate structure. The table compares these rates with what they would be if they were calculated in proportion to system use.

#### PROPOSED MONTHLY CHARGES

Type of User	Proposed Rates	Proportion to Use	Difference
Industrial User	\$1,500	\$2,000	-\$500
Typical Industrial User	\$750	\$1,000	-\$250
Typical Commercial User	\$300	\$400	-\$100
Typical Residential User	\$9	\$7	\$2

The City Council invites you to attend and participate in a public discussion of this proposed ordinance. It will be held:

Date:

Time:

Place:

Any comments which are received by the City Council prior to the date of the meeting will also be considered.

(A discussion of the facts which prompted the proposed rate ordinance and the pros and cons of its enactment may be inserted at the end of the notice or included on a separate sheet of paper.)

**REVENUE PROGRAM FORMS**  
**AND**  
**INSTRUCTIONS**

BLANK PAGE

(INSTRUCTIONS ON BACK OF PAGE.)

Date \_\_\_\_\_

[illegible]

## FORM 1 - SUMMARY OF USERS AND WASTEWATER CHARACTERISTICS (STRENGTH)

### 1. PURPOSE:

- a. To identify groups of residential, commercial and industrial users.
- b. To show wastewater characteristics, design capacity provided, and estimated annual volumes and quantities of pollutants for these groups, and for any special classifications.

### 2. TO COMPLETE THE FORM:

- a. Column (A): Enter the number of users (connections) in each group.
- b. Column (B): Enter names of users (user groups). See **Commercial User Strength Characteristics** on Page G - 21 of the Revenue Program Guidelines (Guidelines) for a list of typical user groups.
- c. Columns (C)-(E): Show wastewater characteristics for each parameter for each user (user group): Average dry weather flow (ADWF) in million gallons per day (MGD), biological oxygen demand (BOD<sub>5</sub>) in parts per million (ppm) and suspended solids (SS) in parts per million (ppm). See Page G - 21 of these Guidelines for average strengths for typical users.
- d. Columns (F)-(H): Show facility design capacity for each user (user group). Design capacity is in MGD, BOD<sub>5</sub> and SS are in lbs/day.
- e. Columns (I)-(K): Enter annual contributions for each user for each parameter. VOLUME (I) is ADWF (C) times the number of days in a year (365). Some users (schools, canneries, etc.) may only operate for a portion of a year. Therefore, the number of days of operation may be less than 365. Total annual BOD<sub>5</sub> (J) is BOD<sub>5</sub> in ppm (D) times total annual volume (I) times 8.34. Total annual SS (K) is SS in ppm (E) times total annual volume (I) times 8.34.

### 3. NOTES:

- a. Other relevant parameters besides BOD<sub>5</sub> and SS may be used if they are consistent with the design basis of the treatment facility.
- b. Infiltration/inflow must be separately identified. The difference between ADWF (C) and design flow (F) is that design flow is the peak flow for seasonal users.
- c. DAILY AND ANNUAL TOTALS OF FLOW AND POUNDS OF BOD AND SS SHOULD CORRESPOND CLOSELY TO ACTUAL FLOW AND LOADINGS MONITORED AT THE WASTEWATER TREATMENT PLANT.



**FORM 2** Annual O. M. & R. and Nonoperating Costs  
(INSTRUCTIONS ON BACK OF PAGE.)

Municipality \_\_\_\_\_

Date \_\_\_\_\_

COST CATEGORY	CURRENT YEAR COSTS	FIRST YEAR OF FULL OPERATION
1. TREATMENT FACILITIES:		
(a) Fixed O. & M. Costs	_____	_____
(b) Variable O. & M. Costs	_____	_____
(c) Replacement Cost	_____	_____
(d) Subtotal Treatment [(a)+(b)+(c)]	_____	_____
2. COLLECTION SYSTEM:		
(e) Fixed O. & M. Costs	_____	_____
(f) Variable O. & M. Costs	_____	_____
(g) Replacement Cost	_____	_____
(h) Subtotal Collection [(e)+(f)+(g)]	_____	_____
3. MISCELLANEOUS:		
(j) Overhead/Indirect	_____	_____
(k) Operating Reserve	_____	_____
(m) Other	_____	_____
(n) Subtotal miscellaneous [(j)+(k)+(m)]	_____	_____
4. TOTAL VARIABLE COST [(b)+(f)]	_____	_____
5. TOTAL FIXED COST [(a)+(c)+(e)+(g)+(n)]	_____	_____
6. TOTAL O. M. & R. COST [(4)+(5)]	_____	_____
7. CAPITAL REPLACEMENT FUND	_____	_____
8. DEBT SERVICE ( Principal & Interest)	_____	_____
9. WASTEWATER CAPITAL RECOVERY FUND	_____	_____

## **FORM 2: ANNUAL O. M. & R. AND NONOPERATING COSTS**

### **1. PURPOSE:**

- a. To show current year O.M.& R. costs and estimated "first year" O.M.& R. costs in accordance with Section 1-2 A. (Page G - 3) of these Guidelines.
- b. To show current year administration costs and estimated administration costs in accordance with Section 1-4 F. (Page G - 7) of these Guidelines. See also notes for Form 5.
- c. To establish an operating reserve fund as discussed in Section 1-2 E. (Page G - 4) of these Guidelines. Operating reserves are strongly recommended, but not required, by these Guidelines.
- d. To establish a wastewater capital reserve fund (WCRF) as required by Section 1-2, D (Page G - 4) of these Guidelines.

### **2. TO COMPLETE THE FORM:**

- a. Each municipality should enter cost data as required. For regional facilities, the lead agency and each subscribing municipality should enter on this form only the cost incurred on its own facilities. For example, the lead municipality may operate and maintain the treatment plant and interceptor and each subscribing municipality may operate and maintain its own collection system.
- b. Fixed costs\* are those costs which do not vary directly with flow (i.e. labor, testing, debt service, etc.). Replacement costs, which are normally fixed costs, must be separately identified.
- c. Variable costs\* are costs which vary directly with flow (i.e. chemicals, utility costs, etc.).
- d. Methods for estimating the amount of reserves to be established in the operating reserve fund are set forth in Section 1-2 E. (Page G-4) of these Guidelines.
- e. Show current and "first year" debt service (principal and interest) on line 8.

### **3. NOTES:**

- a. Replacement costs will be calculated in accordance with Section 1-2 B. (Page G - 3) of these Guidelines. Records showing computations will be retained by the municipality and are subject to review.
- b. Minimum annual payment to the WCRF will be calculated in accordance with SRF Loan Policy.

\* Separating costs into fixed/variable components is optional. All costs, except replacement may be combined if desired.

**FORM 3 Capital Cost Allocation**  
(INSTRUCTIONS ON BACK OF PAGE.)

Municipality \_\_\_\_\_

Date \_\_\_\_\_

(A) ITEM	(B) TOTAL COST	FLOW		BOD		SS	
		(C) %	(D) FLOW COST [(B) x (C)]	(E) %	(F) BOD COST [(B) x (E)]	(G) %	(H) SS COST [(B) x (G)]
1. Collection System							
2. Interceptors							
3. Treatment Plant							
4. Outfall/Disposal							
5. Other Facilities							
6. Subtotal Construction							
7. Const. Administration							
8. Planning/Design Cost							
9. _____							
10. _____							
11. _____							
12. _____							
13. _____							
14. Total All Costs							
15. Outside Funding							
16. Local Funding [(14)-(15)]							

### **FORM 3: CAPITAL COST ALLOCATION**

1. PURPOSE:

- a. This form is used only if the municipality does not have a history of the annual cost of operation and maintenance (including replacement) of their wastewater facilities.
- b. To show computation of capital cost percentages, to be allocated among users, for flow, BOD<sub>5</sub> and SS. Other parameters must be shown if applicable.
- c. To compute local cost if construction costs are reimbursed by grants from others.

2. TO COMPLETE THE FORM:

- a. Enter total costs of collection system, treatment facilities, and disposal facility, etc., in Column (B).
- b. Allocate cost for flow, BOD<sub>5</sub>, and SS for treatment facilities according to parameters developed for each component based on actual experience and records or use percentages shown in the **List Of Useful Lives And Allocation Parameters** on Page G - 19 of these Guidelines. Enter totals only, but retain work papers for subsequent review. Collection system and disposal facility costs will be allocated 100 percent to flow.
- c. Enter any outside funding on Line 15. Outside funding for treatment facilities must be allocated on the same basis as the costs on Line 3.

3. NOTES:

- a. Administration costs may be allocated among flow, BOD<sub>5</sub>, and SS based on any reasonable formula supported by the municipality's experience. [see also Note 3.a. on Form 4 Instructions]
- b. Form 3 is optional. It may be used if the municipality has no other means to determine the division of the O. M. & R. expenses between flow, BOD<sub>5</sub> removal costs and SS removal costs.

**FORM 4** Unit Cost Determination  
(Instructions on back of page)

Municipality \_\_\_\_\_

Date \_\_\_\_\_

(A) COST CATEGORY	(B) Parameter Allocation Percentage	(C) Annual Cost Allocated to Parameter	(D) Total Annual Quantities	(E) Unit Cost For Each Parameter
<b>1. Variable portion O. M. &amp; R.:</b>				
(a) Flow				
(b) BOD				
(c) SS				
(d) I/I				
(e) Other				
<b>2. Fixed portion O. M. &amp; R.:</b>				
(f) Flow				
(g) BOD				
(h) SS				
(i) I/I				
(j) Other				
<b>3. Capital Replacement:</b>				
(k) Flow				
(l) BOD				
(m) SS				
(n) I/I				
(o) Other				
<b>4. Debt Service:</b>				
(p) Flow				
(q) BOD				
(r) SS				
(s) I/I				
(t) Other				
<b>5. WCRF:</b>				
(u) Flow				
(v) BOD				
(w) SS				
(x) I/I				
(y) Other				

## **FORM 4: UNIT COST DETERMINATION**

### **1. PURPOSE:**

- a. To calculate the unit cost for each parameter.

### **2. TO COMPLETE THE FORM:**

- a. In Column (B) list the parameter allocation percentages determined from Form 3 or from prior municipality experience. For infiltration/inflow (I / I), the allocation will be based on percentage of flow parameter only. This is calculated from Form 1 by dividing annual I / I volume in Column (I) by total annual volume in Column (I).
- b. In Column (C) allocate annual costs to each parameter. Annual fixed and variable O. M. & R., operating reserve fund, and debt service costs are obtained from Form 2. Capital replacement fund and wastewater capital recovery fund costs must be determined by the requirements of these Guidelines.
- c. Total quantities for Column (D) are obtained from Form 1. Modify total flow for I / I. (See Note 3.d. below)
- d. Unit costs in Column (E) are obtained by dividing total cost for each parameter in Column (C) by the corresponding total quantity in Column (D).

### **3. NOTES:**

- a. O. M. & R. costs are normally allocated to the cost of: [1] the collection, transport, treatment and disposal of the wastewater flow, [2] the cost of removal of BOD<sub>5</sub> or COD from the wastewater, and [3] the cost of removal of SS from the wastewater. Additional parameters may be used if the municipality has specific processes or costs attributable to the additional parameter (such as nitrogen removal). The basis for the O. M. & R. cost allocation is the accounting of the actual costs of the municipality's wastewater system and the allocation of the actual costs based on the input from the wastewater plant operators. If a municipality does not have the data to determine the actual percentage of O. M. & R. costs to allocate to each parameter the municipality may use the capital cost allocations from Form 3 or any other allocation formula which can be justified by the municipality (see Section 1-4 A.1. of these Guidelines).
- b. A participating or subscribing municipality should have separate unit cost determinations which show those costs incurred prior to discharging wastewater into facilities controlled and operated by the regional municipality.
- c. Operating reserves can be shown in O. M. & R., Item 4, Column (C). However, if separate, show on separate Form 4.
- d. Total design quantities may be used for debt service and capital replacement. Total annual quantities will be used for variable and fixed O. M. & R.

(Instructions on back of page)

Date \_\_\_\_\_

G - 37

## **FORM 5v: SUMMARY OF VARIABLE PORTION OF O. M. & R. COSTS**

### 1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the variable portion of the O. M. & R. costs. A separate Form 5 will be used for each fund utilized.

### 2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user (user group) listed. Annual capacity and quantities must be used for variable portion of the O. M. & R. costs.
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

### 3. NOTES:

- a. If the operating reserve fund is not included in either the variable or the fixed portions of the O. M. & R. costs a separate Form 5 will be required for the operating reserve fund. The applicable unit parameters for the operating reserve fund may be the same as for either the variable or the fixed portions of the O. M. & R. costs.
- b. Administration costs can be either included with the variable or the fixed portions of the O. M. & R. costs or calculated separately as a separate fund. One method of allocation is to divide the total administrative cost by the total number of users (connections) and then multiply this unit cost by the number of users in each user group for the cost in Column (I).



(Instructions on back of page)

Date \_\_\_\_\_

[illegible]

## **FORM 5f: SUMMARY OF FIXED PORTION OF O. M. & R. COSTS**

### **1. PURPOSE:**

- a. To calculate the total costs for each user (user group) based on the fixed portion of the O. M. & R. costs. A separate Form 5 will be used for each fund utilized.

### **2. TO COMPLETE THE FORM:**

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. Annual capacity and quantities must be used for the fixed portion of the O. M. & R. costs.
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

### **3. NOTES:**

- a. If the operating reserve fund is not included in either the variable or the fixed portions of the O. M. & R. costs a separate Form 5 will be required for the operating reserve fund. The applicable unit parameters for the operating reserve fund may be the same as for either the variable or the fixed portions of the O. M. & R. costs.
- b. Administration costs can be either included with the variable or the fixed portions of the O. M. & R. costs or calculated separately as a separate fund. One method of allocation is to divide the total administrative cost by the total number of users (connections) and then multiply this unit cost by the number of users in each user group for the cost in Column (I).

(Instructions on back of page)

Date \_\_\_\_\_

[illegible]

**FORM 5c: SUMMARY OF CAPITAL REPLACEMENT FUND COSTS**1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the capital replacement fund costs.

2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. The municipality should decide if annual or design capacity and quantities will be used for the capital replacement fund. [See Note 3.a. below]
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

3. NOTES:

- a. If the municipality uses design capacity and quantities in the capital replacement fund calculations the revenue from user fees alone will not generate sufficient revenue for full funding of this expense. Other revenue from standby charges, connection fees, etc. must be used to fully fund this cost.

(Instructions on back of page)

Date \_\_\_\_\_

[illegible]

## FORM 5d: SUMMARY OF DEBT SERVICE FUND COSTS

### 1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the debt service fund costs.

### 2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. The municipality should decide if annual or design capacity and quantities will be used for the debt service fund. [See Note 3.a. below]
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

### 3. NOTES:

- a. If the municipality uses design capacity and quantities in the debt service fund calculations the revenue from user fees alone will not generate sufficient revenue for full funding of the required debt service needed. Other revenue from standby charges, connection fees, etc. must be used to fully fund this cost.

(Instructions on back of page)

Date \_\_\_\_\_

[illegible]

## **FORM 5w: SUMMARY OF WASTEWATER CAPITAL RESERVE FUND COSTS**

### **1. PURPOSE:**

- a. To calculate the total costs for each user (user group) based on the wastewater capital reserve fund costs.

### **2. TO COMPLETE THE FORM:**

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. The municipality should decide if annual or design capacity and quantities will be used for the wastewater capital reserve fund. [See Note 3.a. below]
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

### **3. NOTES:**

- a. If the municipality uses design capacity and quantities in the wastewater capital reserve fund calculations the revenue from user fees alone will not generate sufficient revenue for full funding of the fund. Other revenue from standby charges, connection fees, etc. must be used to fully fund this expense.



(Instructions on back of page)

Date\_\_\_\_\_

[illegible]

## **FORM 6: SUMMARY OF TOTAL ANNUAL REVENUE REQUIRED**

### **1. PURPOSE:**

- a. To sum up individual fund costs from Forms 5v through 5w.

### **2. TO COMPLETE THIS FORM:**

- a. Columns (A) & (B) are the same as Form 1, Columns (A) & (B).
- b. Columns (C) through (G) - transfer appropriate fund costs from the appropriate Form 5, Column (I).
- c. Column (H) is a summation of Columns (C) through (G).
- d. Column (I) is the amount in Column (H) divided by the number of users in Column (A).
- e. Column (J) is the average payment required in each user group and is determined by dividing average annual revenue required in Column (I) by the number of billing periods in a year.

### **3. NOTES:**

- a. Use only those columns (C) through (G) applicable to your revenue program and the appropriate Form 5(s) used.

**FORM 7   Rate Determination and Revenue Program Summary**  
(Instructions on back of page)

Municipality \_\_\_\_\_

Date \_\_\_\_\_

## **FORM 7**     RATE DETERMINATION AND REVENUE PROGRAM SUMMARY

### 1.     PURPOSE:

- a.     To show the proposed method for collecting the total annual revenue shown on Form 6, Column (I). The municipality must develop a user charge system that results in a distribution of costs which are reasonably proportional to each user's (user group) contribution to the costs of the wastewater treatment works.
- b.     To show a summary of total revenues and total disbursements.

### 2.     TO COMPLETE THE FORM:

- a.     Charge systems may include a combination of one or more of the following:
  - 1.     Flat rates.
  - 2.     Rates based on water consumption.
  - 3.     Rates based on monitoring.
  - 4.     Connection fees.
  - 5.     Standby charges.
  - 6.     Ad valorem taxes. [see 40 CFR 35.2140(b) for limitations]
- b.     The summary of total revenues and disbursements should include a complete breakdown of revenue sources and disbursements into the various fund structures.

### 3.     NOTES:

- a.     SWRCB staff will review the wastewater user charge system to determine if the municipality will collect sufficient revenue to support adequate O. M. & R. of the wastewater treatment works and if the users of the wastewater treatment works are charged in proportion to their actual use as required by 40 CFR 35.2140.

## INDEX TO REVENUE PROGRAM GUIDELINES

Wastewater capital reserve fund .....	G - 4
Accounting systems .....	G - 8, G - 9
Ad valorem taxes .....	G - 1, G - 6, G - 7
Administrative costs .....	G - 7
Allocation of costs .....	G - 5, G - 6
Ad valorem .....	G - 6, G - 7
Flow only .....	G - 6
Annual revenue .....	G - 4
Annual revenue requirements .....	G - 3
O. M. & R. ....	G - 3
Capital expenditures .....	G - 8
Capital improvements .....	G - 6
Capital reserve fund .....	G - 1
Capital revenue .....	G - 8, G - 10
Changes .....	G - 9
Clean Water Act .....	G - 1
Commercial users .....	G - 4
Connection fees .....	G - 10
Debt service .....	G - 4, G - 6, G - 10
Dedicated source of revenue .....	G - 11
Deviations .....	G - 1
Discount .....	G - 5
Enterprise fund .....	G - 8
Expansion .....	G - 3
Expense accounts .....	G - 8
Flows and loadings .....	G - 4
Implementation .....	G - 7, G - 9
Individual systems .....	G - 10
Industrial users .....	G - 5
Infiltration .....	G - 7
Inflow .....	G - 7
Institutional arrangement .....	G - 9, G - 10
Institutional users .....	G - 4
Letter of intent .....	G - 3
Loaning of funds .....	G - 9
Low income discount .....	G - 5, G - 6
Low income users .....	G - 5
Major rehabilitations .....	G - 3
Minimum charge .....	G - 11
Non O. M. & R. ....	G - 6
O. M. & R. ....	G - 1, G - 2, G - 5-G - 7

Annual costs .....	G - 5
Treatment parameters .....	G - 5
Unit costs .....	G - 5
User charge .....	G - 5
Operating reserve .....	G - 4
Operating reserve fund .....	G - 1
Operation, maintenance, and replacement .....	G - 1
Outside municipalities .....	G - 5, G - 7
Pre-existing agreements .....	G - 2, G - 6
Public notice .....	G - 3, G - 6
Rebates .....	G - 7
Regional treatment systems .....	G - 9
Replacement .....	G - 8
Replacement costs .....	G - 3
Residential users .....	G - 4
Revenue program .....	G - 1
Revenue program forms .....	G - 2
Review and approval .....	G - 9
Section 204(b)(1) .....	G - 1
Senior citizens .....	G - 5
Septage .....	G - 5
Service charge revenue .....	G - 8
Sewer use ordinance .....	G - 11
Standby charges .....	G - 10
Submittals .....	G - 1, G - 10
Dedicated source of revenue .....	G - 2
Final revenue program .....	G - 2
Rate ordinance .....	G - 2
Revenue programs .....	G - 1, G - 2
Sewer use ordinance .....	G - 2
Surcharges .....	G - 7
System of charges .....	G - 1
Tax exempt .....	G - 7
Toxics .....	G - 11
Uniform system of accounts .....	G - 8
Unit costs .....	G - 5
User charge system .....	G - 1, G - 8, G - 9
Minimum charge .....	G - 1
Users .....	G - 4
WCRF .....	G - 4

## ALLOWANCES FOR TREATMENT PLANT PROJECTS

Eligible Low Bid Cost	Planning	Design	Construction	Administration	Prime Engineering	Total Allowance	Value Engr. Allowance***
\$100,000	\$5,926	\$8,568	\$10,303	\$900	\$5,123	\$30,820	\$3,000
\$120,000	\$6,881	\$10,057	\$12,539	\$1,080	\$5,166	\$35,722	\$3,000
\$150,000	\$8,259	\$12,236	\$15,794	\$1,350	\$5,231	\$42,870	\$3,000
\$175,000	\$9,369	\$14,010	\$18,439	\$1,575	\$5,285	\$48,678	\$3,000
\$200,000	\$10,450	\$15,754	\$21,036	\$1,800	\$5,339	\$54,380	\$3,000
\$250,000	\$12,541	\$19,167	\$26,122	\$2,250	\$5,447	\$65,527	\$5,000
\$300,000	\$14,555	\$22,497	\$31,099	\$2,700	\$5,555	\$76,406	\$5,000
\$350,000	\$16,507	\$25,761	\$35,996	\$3,150	\$5,663	\$87,076	\$5,000
\$400,000	\$18,408	\$28,968	\$40,830	\$3,600	\$5,771	\$97,576	\$5,000
\$500,000	\$22,082	\$35,243	\$50,357	\$4,500	\$5,987	\$118,168	\$5,000
\$600,000	\$25,621	\$41,366	\$59,743	\$5,400	\$6,203	\$138,333	\$5,000
\$700,000	\$29,049	\$47,366	\$69,028	\$6,300	\$6,419	\$158,163	\$5,000
\$800,000	\$32,387	\$53,262	\$78,234	\$7,200	\$6,635	\$177,719	\$5,000
\$900,000	\$35,645	\$59,071	\$87,379	\$8,100	\$6,851	\$197,047	\$5,000
\$1,000,000	\$39,337	\$64,300	\$96,474	\$9,000	\$7,068	\$216,179	\$10,000
\$1,200,000	\$45,044	\$76,060	\$114,547	\$10,800	\$7,500	\$253,951	\$10,000
\$1,500,000	\$54,003	\$92,535	\$141,443	\$13,500	\$8,148	\$309,629	\$10,000
\$1,750,000	\$61,208	\$105,957	\$163,719	\$15,750	\$8,688	\$355,322	\$10,000
\$2,000,000	\$68,216	\$119,148	\$185,908	\$18,000	\$9,229	\$400,501	\$10,000
\$2,500,000	\$81,758	\$144,958	\$230,101	\$22,500	\$10,309	\$489,625	\$20,000
\$3,000,000	\$94,785	\$170,142	\$274,131	\$27,000	\$11,390	\$577,447	\$20,000
\$3,500,000	\$107,394	\$194,824	\$318,058	\$31,500	\$12,470	\$664,246	\$20,000
\$4,000,000	\$119,660	\$219,076	\$361,922	\$36,000	\$13,551	\$750,209	\$20,000
\$5,000,000	\$143,345	\$266,530	\$449,537	\$45,000	\$15,712	\$920,124	\$25,000
\$6,000,000	\$166,122	\$312,840	\$537,084	\$54,000	\$17,873	\$1,087,919	\$25,000
\$7,000,000	\$188,160	\$358,218	\$624,631	\$63,000	\$20,034	\$1,254,043	\$30,000
\$8,000,000	\$209,584	\$402,816	\$712,205	\$72,000	\$22,195	\$1,418,800	\$30,000
\$9,000,000	\$230,499	\$446,733	\$799,820	\$81,000	\$24,356	\$1,582,407	\$30,000
\$10,000,000	\$250,940	\$490,070	\$887,501	\$90,000	\$26,517	\$1,745,027	\$0
\$12,000,000	\$290,688	\$575,220	\$1,063,035	\$108,000	\$30,839	\$2,067,782	\$0
\$15,000,000	\$347,940	\$699,825	\$1,326,853	\$135,000	\$37,322	\$2,546,939	\$0
\$17,500,000	\$393,925	\$801,325	\$1,547,170	\$157,500	\$42,724	\$2,942,644	\$0
\$20,000,000	\$438,600	\$901,080	\$1,767,910	\$180,000	\$48,127	\$3,335,716	\$0
\$25,000,000	\$524,750	\$1,096,275	\$2,210,565	\$225,000	\$58,932	\$4,115,522	\$0
\$30,000,000	\$607,500	\$1,286,760	\$2,654,626	\$270,000	\$69,737	\$4,888,622	\$0
\$35,000,000	\$687,470	\$1,473,395	\$3,100,021	\$315,000	\$80,542	\$5,656,427	\$0
\$40,000,000	\$765,160	\$1,656,840	\$3,546,545	\$360,000	\$91,347	\$6,419,891	\$0
\$50,000,000	\$914,950	\$2,015,700	\$4,442,754	\$450,000	\$112,957	\$7,936,360	\$0
\$60,000,000	\$1,058,700	\$2,365,920	\$5,342,571	\$540,000	\$134,567	\$9,441,757	\$0
\$70,000,000	\$1,197,490	\$2,709,140	\$6,245,596	\$630,000	\$156,177	\$10,938,403	\$0
\$80,000,000	\$1,332,320	\$3,046,400	\$7,151,363	\$720,000	\$177,787	\$12,427,869	\$0
\$90,000,000	\$1,463,670	\$3,378,600	\$8,059,619	\$810,000	\$199,397	\$13,911,285	\$0
\$100,000,000	\$1,592,000	\$3,706,300	\$8,970,189	\$900,000	\$221,007	\$15,389,496	\$0
\$120,000,000	\$1,841,040	\$4,350,240	\$10,797,281	\$1,080,000	\$264,227	\$18,332,788	\$0
\$150,000,000	\$2,199,000	\$5,292,600	\$13,550,723	\$1,350,000	\$329,057	\$22,721,380	\$0
\$175,000,000	\$2,485,875	\$6,060,250	\$15,855,256	\$1,575,000	\$383,082	\$26,359,463	\$0
\$200,000,000	\$2,764,000	\$6,814,800	\$18,167,626	\$1,800,000	\$437,107	\$29,983,533	\$0

## Notes:

\* Allowances can be determined by interpolating between the values in the table (except for Value Engineering Allowance, see below).

\*\* If a previous planning and/or design allowance (grant) has been issued, subtract the grant allowance(s) above from the total allowance due under the loan program.

\*\*\* The Value Engineering Allowance is in addition to the total of the other allowances. The applicant may claim the VE allowance only if a VE study is performed. The allowance is a set value between each of break points (e.g. a \$240,000 bid would yield a \$3000 allowance and a \$260,000 bid would yield a \$5000 allowance).

## ALLOWANCES FOR PIPE ONLY PROJECTS

Eligible Low Bid Cost	Planning**	Design**	Construction	Administration	Total Allowance	Value Engr. Allowance***
\$100,000	\$5,926	\$8,568	\$13,034	\$900	\$28,429	\$3,000
\$120,000	\$6,881	\$10,057	\$14,881	\$1,080	\$32,898	\$3,000
\$150,000	\$8,259	\$12,236	\$17,560	\$1,350	\$39,405	\$3,000
\$175,000	\$9,369	\$14,010	\$19,733	\$1,575	\$44,687	\$3,000
\$200,000	\$10,450	\$15,754	\$21,863	\$1,800	\$49,867	\$3,000
\$250,000	\$12,541	\$19,167	\$26,026	\$2,250	\$59,984	\$5,000
\$300,000	\$14,555	\$22,497	\$30,094	\$2,700	\$69,847	\$5,000
\$350,000	\$16,507	\$25,761	\$34,093	\$3,150	\$79,510	\$5,000
\$400,000	\$18,408	\$28,968	\$38,036	\$3,600	\$89,012	\$5,000
\$500,000	\$22,082	\$35,243	\$45,804	\$4,500	\$107,629	\$5,000
\$600,000	\$25,621	\$41,366	\$53,454	\$5,400	\$125,840	\$5,000
\$700,000	\$29,049	\$47,366	\$61,019	\$6,300	\$143,735	\$5,000
\$800,000	\$32,387	\$53,262	\$68,521	\$7,200	\$161,370	\$5,000
\$900,000	\$35,645	\$59,071	\$75,973	\$8,100	\$178,789	\$5,000
\$1,000,000	\$39,337	\$64,300	\$83,385	\$9,000	\$196,022	\$10,000
\$1,200,000	\$45,044	\$76,060	\$98,120	\$10,800	\$230,024	\$10,000
\$1,500,000	\$54,003	\$92,535	\$120,062	\$13,500	\$280,100	\$10,000
\$1,750,000	\$61,208	\$105,957	\$138,249	\$15,750	\$321,164	\$10,000
\$2,000,000	\$68,216	\$119,148	\$156,378	\$18,000	\$361,742	\$10,000
\$2,500,000	\$81,758	\$144,958	\$192,518	\$22,500	\$441,733	\$20,000
\$3,000,000	\$94,785	\$170,142	\$228,568	\$27,000	\$520,495	\$20,000
\$3,500,000	\$107,394	\$194,824	\$264,575	\$31,500	\$598,293	\$20,000
\$4,000,000	\$119,660	\$219,076	\$300,565	\$36,000	\$675,301	\$20,000
\$5,000,000	\$143,345	\$266,530	\$372,549	\$45,000	\$827,424	\$25,000
\$6,000,000	\$166,122	\$312,840	\$444,586	\$54,000	\$977,548	\$25,000
\$7,000,000	\$188,160	\$358,218	\$516,721	\$63,000	\$1,126,099	\$30,000
\$8,000,000	\$209,584	\$402,816	\$588,963	\$72,000	\$1,273,363	\$30,000
\$9,000,000	\$230,499	\$446,733	\$661,313	\$81,000	\$1,419,545	\$30,000
\$10,000,000	\$250,940	\$490,070	\$733,788	\$90,000	\$1,564,798	\$0
\$12,000,000	\$290,688	\$575,220	\$879,057	\$108,000	\$1,852,965	\$0
\$15,000,000	\$347,940	\$699,825	\$1,097,773	\$135,000	\$2,280,538	\$0
\$17,500,000	\$393,925	\$801,325	\$1,280,720	\$157,500	\$2,633,470	\$0
\$20,000,000	\$438,600	\$901,080	\$1,464,248	\$180,000	\$2,983,928	\$0
\$25,000,000	\$524,750	\$1,096,275	\$1,832,862	\$225,000	\$3,678,887	\$0
\$30,000,000	\$607,500	\$1,286,760	\$2,203,288	\$270,000	\$4,367,548	\$0
\$35,000,000	\$687,470	\$1,473,395	\$2,575,371	\$315,000	\$5,051,236	\$0
\$40,000,000	\$765,160	\$1,656,840	\$2,948,848	\$360,000	\$5,730,848	\$0
\$50,000,000	\$914,950	\$2,015,700	\$3,699,605	\$450,000	\$7,080,255	\$0
\$60,000,000	\$1,058,700	\$2,365,920	\$4,454,651	\$540,000	\$8,419,271	\$0
\$70,000,000	\$1,197,490	\$2,709,140	\$5,213,447	\$630,000	\$9,750,077	\$0
\$80,000,000	\$1,332,320	\$3,046,400	\$5,975,428	\$720,000	\$11,074,148	\$0
\$90,000,000	\$1,463,670	\$3,378,600	\$6,740,274	\$810,000	\$12,392,544	\$0
\$100,000,000	\$1,592,000	\$3,706,300	\$7,507,760	\$900,000	\$13,706,060	\$0
\$120,000,000	\$1,841,040	\$4,350,240	\$9,049,501	\$1,080,000	\$16,320,781	\$0
\$150,000,000	\$2,199,000	\$5,292,600	\$11,376,565	\$1,350,000	\$20,218,165	\$0
\$175,000,000	\$2,485,875	\$6,060,250	\$13,326,981	\$1,575,000	\$23,448,106	\$0
\$200,000,000	\$2,764,000	\$6,814,800	\$15,286,115	\$1,800,000	\$26,664,915	\$0

**Notes:**

\* Eight hundred dollars will be added for Prime Engineering for the first lift station, and \$400 for each additional lift station.

\*\* If a previous planning and/or design allowance (grant) has been issued, subtract the grant allowance(s) above from the total allowance due under the loan program.

\*\*\* The Value Engineering Allowance is in addition to the total of the other allowances. The applicant may claim the VE allowance only if a VE study is performed. The allowance is a set value between each of break points (e.g. a \$240,000 bid would yield a \$3000 allowance and a \$260,000 bid would yield a \$5000 allowance).



## ATTACHMENT J

### **GUIDELINES FOR PROJECT PERFORMANCE CERTIFICATION APPLICABLE TO ALL STATE REVOLVING FUND (SRF) LOAN PROGRAM PROJECTS**

---

#### **Introduction**

Project Performance Certification has been required by the Clean Water Act Section 204(d) and Section 602 (b)(6). The U.S. EPA developed the certification requirement to strengthen the ability to meet the basic intent of the funding programs (i.e., to build quality treatment works that comply with the enforceable requirements of the act). Providing affirmative project certification is a precise indicator that treatment facilities are actually working as intended. The certification requirement was initiated to provide extra protection for the investment made by local municipalities, the State, and EPA. The protection is provided in the form of two requirements; one, that the treatment works be monitored during the first year of operation, and two, that the recipient certify that the treatment works meets its performance standards. For these reasons, the SWRCB has chosen to continue the Project Performance Certification process as described in these guidelines.

#### **Project Performance Standards**

Specific Project Performance Standards are developed for each SRF loan project to account for each project's individual requirements. During the eligibility review process, the applicant and the Division will mutually agree on unique Project Performance Standards for each funded unit process and equipment. The recipient can develop the standards for Division approval, or request that the Division's design review staff develop the standards. The Project Performance Standards must include standard engineering accepted performance values which are based on the design criteria, construction specifications, and waste discharge requirements for the loan project.

The Project Performance Standards must also specify how the recipient will certify that the project meets the Project Performance Standards. This should include sampling locations, frequency of sampling, flow conditions, and duration of sampling, as well as procedures for mechanical equipment and pipeline testing. Typically, the data collected is what is normally required for process control and for the self monitoring report submitted to the Regional Water Quality Control Board.

Listed below is a description of the general areas to be considered when developing the Project Performance Standards. Standards in these areas help to ensure that each project will meet its intended goals and objectives reliably for its useful life. These areas will be evaluated at the end of the Project Performance Certification period:

1. Overall project performance. The performance of the overall project should meet intended goals, design criteria and applicable waste discharge requirements. Recorded data such as flows and waste concentrations should be collected, and actual performance should be compared with performance objectives. The performance evaluation may be based on actual operation at design conditions or on other reasonable methods developed to predict how the facilities will operate at design conditions.
2. Treatment process performance. The loan funded process units should be operated and evaluated at design flows and loadings for several months by diverting or equalizing flows where possible and economically feasible. Otherwise, a rational approach to predicting performance at design conditions should be developed. The Operation Unit has developed sample performance standards for common treatment processes that are available on request. Evaluation of the Project Performance Standards for individual process units will be based on the project's design criteria and on normally accepted engineering standards.
3. Operator's Log. An operator's daily log should be created and maintained to ensure collection of performance data necessary for project certification. This log should contain daily operation data and visual observations.
4. Operation and Maintenance Records. An operation and maintenance records system should be created, or updated if one already exists. This system should include records of all mechanical and electrical equipment, records of the adequate supply of critical spare parts, and a record of preventive and corrective maintenance scheduled and performed.
5. Project Life. Provisions should be made to ensure the loan funded facilities will be properly operated and maintained for the useful life of the project.
6. Facility Staffing. The facility should have a level of staffing sufficient to properly operate and maintain the facility. Wastewater treatment plant operators must possess the appropriate level of certification.

### **Initiation of Operation**

After completion of construction, the recipient and the Operation Unit will agree on the Initiation of Operation date. The Initiation of Operation date is the start of the one-year project performance certification period. During the Project Performance Certification period, the recipient collects the sampling data described in the project performance standards. The recipient must provide the Division a copy of the Final O & M Manual within six months from the initiation of operation. The Division's operation inspector will refer to the manual during the Final Project Inspection.

### **Final Project Inspection**

The Final Project Inspection is conducted six to twelve months after the Initiation of Operation date. The inspection consists of a review of the operational procedures in place at the loan funded facility. The Division's operation inspector will review process control procedures, maintenance, staffing, and process control data. Depending on the complexity of the project, this inspection may last from four hours to two days. The chief plant operator should be available to answer questions and to escort the operation inspector on a tour of the treatment facility. A Final Project Inspection may not be necessary for projects without mechanical or electrical equipment. The Division prepares a Final Project Inspection Report which identifies the areas of operational deficiency.

### **Project Performance Certification Report**

Project Performance Certification of the loan project consists of an evaluation, by the recipient, of the data collected in the monitoring program during the project performance certification period. The overall facility and individual unit process performance should be evaluated in a Project Performance Certification Report. The report must be prepared by the recipient and submitted to the Division one year after the Initiation of Operation date. The Project Performance Certification Report should present well-organized conclusions about the performance of the loan funded facilities based on a comparison between the Project Performance Standards and the actual process control and effluent monitoring data. The Project Performance Certification Report should also address any items noted as deficient in the Final Project Inspection Report. The following is the format for the Project Performance Certification Report:

1. Description of the project and its objectives.
2. Description of significant operation problems encountered and how they were resolved.
3. Summary of monitoring data, either in graphical or tabular form, presented on a monthly basis.
4. Comparison of the data with the project performance standards.
5. Conclusions on the performance of the individually funded processes based on design criteria, plans and specifications, and compliance with waste discharge requirements.
6. A completed Project Performance Certification form, signed by the authorized representative.

### **Corrective Action Report**

If the project does not meet Project Performance Standards at the end of the one-year certification period, the recipient must prepare a Corrective Action Report. The report should contain a discussion of all of the items required for the Project Performance Certification Report, plus the following:

1. The cause of the project's inability to meet the Project Performance Standards.
2. A plan for correcting the problem(s).
3. A schedule for implementing the corrective action.
4. An estimated date by which the project can be certified and a Project Performance Report can be submitted to the Division.

The costs for corrective actions required to bring the project into compliance with the project performance standards are the responsibility of the recipient.

### **Project Certification**

If the recipient does not submit a project performance certification report which includes a signed certificate of performance, or a corrective action report, within fifteen (15) months of the initiation of operation date, an interest penalty of one-tenth of one (0.1) percent per day will be assessed on the outstanding loan balance due. The interest penalty will begin on the first day after expiration of the appropriate deadline.

After the Division has reviewed and approved the Project Performance Certification Report, the recipient will be notified that the project is being recommended for close out. If a Corrective Action Plan is submitted the Division will conduct follow-up inspections as necessary to monitor the applicant's progress towards meeting the Project Performance Standards. When the project can be certified, the recipient prepares a Project Performance Certification Report for Division approval.

Additional information on Project Performance Certification may be obtained from the Division's Operation Unit by calling (916) 227-4564.

**State Water Resources Control Board**  
**Division of Financial Assistance (Division)**  
**State Revolving Fund Approval-to-Award (ATA) Request**

ATTACHMENT K

Note: The construction contracts SHALL NOT be awarded until the ATA and attachments have been approved by the Division of Financial Assistance (Division). Therefore, the applicant should submit this form and the required attachments as soon as possible after the bid opening. Prompt submission will give the Division sufficient time to review and approve the ATA Request. The ATA Request should include information to fulfill all State and Federal requirements.

1. Agency Name and Address	State Assigned Project No.  C-06-	
2. Date by which contracts must be awarded (as indicated in contract documents):		
3. Have any protests regarding award of the contracts been received? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, give date protests were resolved: _____ Attach copies of the protests and resolutions. Contractor Debarred <input type="checkbox"/> Yes <input type="checkbox"/> No (Debarment of Contractor prevents SRF Loan participation)		
4. Project Cost Summary	Total Project	Eligible Project
A. Construction Contract (specify number and contractor's name):	\$	\$
1.	\$	\$
2.	\$	\$
CONSTRUCTION CONTRACT SUBTOTAL	\$	\$
B. Allowances (See SRF Policy):		\$
1. Planning		\$
2. Design		\$
3. Construction		\$
4. Administration		\$
5. Prime Engineering		\$
ALLOWANCES SUBTOTAL		\$
C. Other - Identify	\$	\$
D. Total Project Costs (Summation of A through C)	\$	\$
5. Funds available for construction of the "Total Project":		Amount
A. Cash on hand		\$
B. General obligation or revenue bonds		\$
C. Short term loans or notes		\$
D. Other Funds – Identify		\$
E. SUBTOTAL Local funds available (A + B + C + D)		\$
F. SRF Loan Amount – "Eligible Project" Total		\$
G. Total Amount Required – "Total Project" cost		\$
H. Applicant's Amount Required – G minus (E + F) – If this amount is greater than zero, provide Att. H.		\$
6. Also, attach the information requested on page 2.		
THE UNDERSIGNED REPRESENTATIVE OF THE APPLICANT CERTIFIES THAT THE INFORMATION CONTAINED ABOVE AND IN ATTACHED STATEMENTS AND MATERIALS IN SUPPORT THEREOF, IS TRUE AND CORRECT.		
Signature of Authorized Representative		Date
Name, Title and Phone Number of Representative (type or print)		

## **ATA Request Instructions**

6. The recipient must attach the following information to the Approval-to-Award Request:
- A. A legal description of the site on which the project is to be constructed and an opinion signed by competent title counsel describing the interest the applicant has in the site, including information as to any easements and rights-of-way and certifying that the estate or interest is legal and valid. The opinion should also include information as to whether or not:
    - 1. The applicant (or the present owner if fee simple title has not been or is not to be acquired) has good and valid title to the entire site (excluding easements and rights-of-way) free and clear of any pre-existing mortgages, deeds of trust, liens or other encumbrances, which would affect the value or usefulness of the site for the purpose intended;
    - 2. Any deeds or documents required to be recorded in order to protect the title of the owner and the interest of the applicant have been duly recorded or filed for record whenever necessary; and
    - 3. The applicant has complied with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601).
  - B. Tabulation of all bids received and the engineer's estimate.
  - C. Copy of the bid proposal chosen.
  - D. Evidence of advertising (submit a copy of newspaper advertisement for the project).
  - E. All MBE/WBE documentation, which includes forms 1 through 6 and documentation that the local Small Business Administration and Minority Business Development Agency centers were contacted at least twelve working days prior to bid opening.
  - F. A dedicated source of revenue (ordinance or resolution).
  - G. A Wastewater Capital Reserve Fund resolution must be submitted before the Division will issue a loan contract.
  - H. Disbursements of SRF funds may take up to 90 days. Some construction costs may be ineligible for SRF funding. Provide a cash flow projection showing the source and expected time of receipt of funds needed to meet project cash requirements. Attachment H is only needed if line 5H is greater than zero.
  - I. Complete and sign the two forms establishing the Completion of Construction (CC) and Initiation of Operation (IO) dates for the project. Changes to the CC and IO dates must be made in writing by the Division.

## COMPLETION OF CONSTRUCTION

STATE REVOLVING FUND LOAN NO.: C-06-\_\_\_\_\_

LOAN RECIPIENT: \_\_\_\_\_

PROJECT: \_\_\_\_\_

Exhibit A, Section 12 of the State Revolving Fund Loan Contract requires that the Agency establish a completion of construction date. The Agency hereby establishes \_\_\_\_\_ day of \_\_\_\_\_, 2003 as the completion of construction date. This date shall be binding on the Agency unless modified in writing by the Division Financial Assistance (Division) upon a showing of good cause by the Agency. Extension of the completion of construction date by the Division shall not be unreasonably withheld.

\_\_\_\_\_  
Authorized Representative's Signature

\_\_\_\_\_  
Authorized Representative's Name/Title

\_\_\_\_\_  
Date

## INITIATION OF OPERATION

STATE REVOLVING FUND LOAN NO.: C-06-\_\_\_\_\_

LOAN RECIPIENT: \_\_\_\_\_

PROJECT: \_\_\_\_\_

Exhibit A, Section 15 of the State Revolving Fund Loan Contract requires that the Agency establish an initiation of operation date. The Agency hereby establishes \_\_\_\_\_ day of \_\_\_\_\_, 2003 as the initiation of operation date. This date shall be binding on the Agency unless modified in writing by the Division of Financial Assistance (Division) upon a showing of good cause by the Agency. Extension of the initiation of operation date by the Division shall not be unreasonably withheld.

\_\_\_\_\_  
Authorized Representative's Signature

\_\_\_\_\_  
Authorized Representative's Name/Title

\_\_\_\_\_  
Date



# **State Water Resources Control Board**

## **Division of Financial Assistance (DFA)**

1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707

Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120

Internet Address: <http://www.swrcb.ca.gov>

## **Compliance Guidelines for State Revolving Fund (SRF) Loan Program Minority and Women Owned Business Enterprise (MBE/WBE)**

**July 24, 2001**

*State Revolving Fund Loan Program MBE/WBE Instructions*

**Table of Contents**

<u>Section</u>	<u>Description</u>	<u>Page</u>
1	Approval to Award (ATA) Process .....	3
2	Prime Contractor & Recipient Responsibilities .....	3
3	“Good Faith” Effort Process .....	4
4	Non-Governmental Local Contacts .....	6
5	Reporting Requirements .....	7
6	Definitions .....	7
7	MBE/WBE Forms.....	9
	Form 1: “Good Faith” Effort List of Contractors Solicited .....	10
	Form 2: “Good Faith” Effort Bids Received List .....	11
	Form 3: Contractor Self Certification.....	12
	Form 4: Prime Contractor/Recipient Selected MBE/WBEs.....	13
	Form 5: Sample Summary of Bids Received from Subcontractors .....	14
	Form 6: Positive Effort Certification .....	15

## **Section 1: APPROVAL TO AWARD (ATA) PROCESS**

### **REQUIRED FOR STATE REVOLVING FUND LOANS DIVISION OF FINANCIAL ASSISTANCE**

The purpose of this document is to provide a summary of the MBE/WBE “good faith” effort for SRF Loan contractors and recipients. Section 1 provides the contractor and recipient with a brief overview of the ATA process. The MBE/WBE “good faith” effort is one element of the ATA process summarized below. The ATA request package submitted to CWP for approval must contain all of the following:

1. Completed ATA form (original must be signed by the recipient’s authorized representative or designee).
2. A legal description of the site on which the project is to be constructed and an opinion signed by competent title counsel describing the interest the applicant has in the site, including information as to any easements and rights-of-way and certifying that the estate or interest is legal and valid.
3. Tabulation of all bids received and the engineer’s estimate.
4. Copy of the bid proposal chosen.
5. Evidence of advertising (submit a copy of newspaper advertisement for the project).
6. All MBE/WBE documentation, which includes Forms 1 through 6 and documentation that the local Small Business Administration and Minority Business Development Agency centers were contacted at least twelve working days prior to bid opening.
7. A dedicated source of revenue (ordinance or resolution).
8. Disbursements of SRF funds may take up to 90 days. Some construction costs may be ineligible for SRF funding. Provide a cash flow projection showing the source and expected time of receipt of funds needed to meet project cash requirements.

Detailed directions for completing the ATA form are provided on the form. If you have any questions regarding the ATA process, please contact Ken Gonzales of CWP at (916) 341-5683 or [Gonzalesk@cwp.swrcb.ca.gov](mailto:Gonzalesk@cwp.swrcb.ca.gov).

## **Section 2: PRIME CONTRACTOR & RECIPIENT RESPONSIBILITIES**

### **PARTICIPATION RESPONSIBILITIES FOR PRIMES AND THEIR SUBCONTRACTORS**

All recipients of federal funds from USEPA, as well as their prime contractors and subcontractors, must make every effort to solicit bids from eligible MBE/WBEs. This information must be documented and reported to CWP as described in this document.

#### **The MBE/WBE responsibilities of the prime contractor are:**

1. Conduct a “good faith” effort to ensure maximum MBE/WBE participation in the project.
2. Complete or obtain from MBE/WBE subcontractors, all of the completed forms required in

*State Revolving Fund Loan Program MBE/WBE Instructions*  
these guidelines and submit them to the recipient.

3. Report actual MBE/WBE participation on a quarterly basis to the recipient.

**The MBE/WBE responsibilities of the recipient are:**

1. Ensure that the prime contractor meets the responsibilities identified in these guidelines.
2. Submit all documentation identified in these guidelines to CWP and maintain all records in the project files for later access or auditing.
3. Provide quarterly reports on MBE/WBE procurements to CWP.

### **Section 3: “Good Faith” Effort Process**

Any public or private entity receiving federal funds must demonstrate that efforts were made to attract MBE/WBEs on any SRF contracts. The process to attract MBE/WBEs is referred to as the “good faith” effort. This effort requires the recipient, prime contractor and any subcontractors to take the steps listed below to assure that MBE/WBEs are used whenever possible as sources of supplies, construction, equipment or services. Failure to take the steps outlined below and submit Form 4, Prime Contractor/Recipient Selected MBE/WBEs, prior to bid opening, shall cause the bid to be rejected as non-responsive. Use Forms 1 through 6 to document the process. If it is not practical or possible to comply with one or more of the five steps, prepare an explanation and submit it with the ATA package.

**STEP 1:** Divide the total requirements, when economically feasible, into small tasks or quantities to permit maximum participation. Evidence submitted must illustrate that the work was divided into small proprietary portions (e.g. paving, electrical, landscaping, revegetation).

**STEP 2:** Establish delivery schedules, when work requirements permit, that encourage maximum MBE/WBE participation.

**STEP 3:** Use the services of the U.S. Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) of the U. S. Department of Commerce (DOC) in soliciting qualified MBE/WBEs. Utilization of these resources is required at no cost. These agencies offer several services, including Internet access to databases of MBE/WBEs.

For additional assistance, the recipient or contractor could telephone the local offices of both agencies in their area (SBA Minority Enterprise Development Offices and DOC MBDA Regional Centers). The Internet web sites also include names, addresses, and phone or fax numbers of local SBA and MBDA centers. There are contact phone numbers listed in Step 5 that will assist you in reaching the two offices if the Internet is unavailable.

**Do not write to these sources.**

The prime contractor must provide documentation that the local SBA/MBDA offices or web sites were notified of the contracting opportunity (allow at least **five working days** for a response). Documentation must not only include the efforts to contact the information sources and list the contract opportunity, but also the solicitation and response to the bid request.

*State Revolving Fund Loan Program MBE/WBE Instructions*

**STEP 4: Include qualified MBE/WBEs on solicitation lists and record the information.**

Solicitation should be as broad as possible. The following web sites include a list of available sources for expanding the search for eligible MBE/WBEs: <http://www.sba.gov> and <http://www.mbd.gov>. If MBE/WBE sources are *not* located, explain why and describe the efforts made. See Step 5 for more detailed information.

For all contracts, the prime contractor must send invitations to at least three (or all, if less than three) MBE/WBE vendors for each item of work referred by sources contacted. The invitations must adequately specify the items for which bids are requested. The record of “good faith” efforts must indicate a real desire for a positive response, such as a certified mail receipt or a documented telephone conversation. **(A regular letter or an unanswered telephone call is *not* an adequate “good faith” effort).** A list of all sub-bidders, including the bidders **not** selected, and bid amount for each item of work must be submitted. A sample list is shown in Form 5, Sample Summary of Bids Received from Subcontractors. If a low bid was not accepted, an explanation must be provided.

**STEP 5: Solicit available MBEs and WBEs whenever they are potential sources.** The prime contractor must provide invitations to MBE/WBE sub-bidders at least **seven working days** prior to the bid opening date.

**Federal Agencies (must be contacted):**

Name and Address	Telephone and Web Site
<b>U.S. Small Business Administration</b>	(415) 744-6820 Extension 0
455 Market Street, Suite 600	PRO-Net Database: <a href="http://www.sba.gov/">http://www.sba.gov/</a> <sup>1</sup>
San Francisco, CA 94105	Bid Notification: <a href="http://web.sba.gov/subnet/">http://web.sba.gov/subnet/</a>
RE: Minority Enterprise Development Offices	
<b>U.S. Department of Commerce</b>	(415) 744-3001
Minority Business Development Agency	Phoenix/ Opportunity Database:
211 Main Street, Room 1280	<a href="http://www.mbd.gov">http://www.mbd.gov</a>
San Francisco, CA 94105	RE: Business Development Centers

**State Agencies (optional contacts):**

Name and Address	Telephone and Web Site
<b>California Department of Transportation</b>	Mailing Address: PO Box 942874
(CALTRANS) Business Enterprise Program <sup>2</sup>	Sacramento, CA 94274-0015
1820 Alhambra Blvd.	(916) 227-9599
Sacramento, CA 95816	<a href="http://www.dot.ca.gov/hq/bep">www.dot.ca.gov/hq/bep</a>
<b>CA Public Utilities Commission (CPUC)<sup>3</sup></b>	
505 Van Ness Avenue	<a href="http://www.cpuc.ca.gov/static/aboutcpuc/divisions/executive+office/wmbe">http://www.cpuc.ca.gov/static/aboutcpuc/divisions/executive+office/wmbe</a>
San Francisco, CA 94102-3298	

<sup>1</sup> PRO-Net is the SBA’s electronic search engine, containing business profiles for nearly 200,000 businesses. The SBA requests Internet contact only. A list of potential firms downloaded from PRO-Net will verify that the bidder made the required contact with the SBA.

<sup>2</sup> Based on the federal Disadvantaged Business Enterprises (DBE) program, CALTRANS maintains a database and provides directories of minority and woman-owned firms.

<sup>3</sup> CPUC maintains a database of MBE/WBE-owned business enterprises and serves to inform the public.

## **Section 4: Non-Governmental Local Contacts**

### **MINORITY BUSINESS ENTERPRISE/WOMAN BUSINESS ENTERPRISE (MBE/WBE) RESOURCES**

The following organizations provide services to identify potential MBE/WBEs. Some of the organizations charge a fee or require membership fees to provide their services. Services provided may include the entire good faith effort process for recipients that need comprehensive assistance.

#### **Humboldt Builder's Exchange Inc.**

2355 Myrtle Ave.  
Eureka, CA 95501  
Phone #: (707) 442-3708  
FAX #: (707) 442-6051  
[www.humvx.com](http://www.humvx.com)

#### **California Daily Bid Advisor/Challenge News**

1276 Lincoln Ave. #203  
San Jose, CA 95125  
Phone #: (408) 998-0241  
or (800) 298-0240  
FAX #: (408) 998-2534

#### **California Procurement Training and Assistance Center at West Valley**

1 West Campbell Ave., Ste J70  
Campbell CA 95008  
Phone #: (408) 871-4390  
FAX #: (408) 378-2034

#### **Contractors Assistance Center**

PO Box 7675  
Redlands, CA 92375  
Phone #: (800) 742-4124  
FAX #: (800) 742-4125

#### **Eldridge Bid Reporter, M/W/DVBE Assistance**

PO Box 699  
West Sacramento, CA 95691  
Phone #: (916) 444-7618  
FAX #: (916) 444-7731  
[www.ebrbids.com](http://www.ebrbids.com)

#### **Regis Communications Construction Bid Source Interactive (CBSI)**

PO Box 568  
Burson, CA 95225-0568  
Phone #: (209) 772-3670  
FAX #: (800) 560-7266  
[www.Regis-usa.com](http://www.Regis-usa.com)  
1-800-962-4162

#### **Riverside Community College District**

Procurement Assistance Center  
2038 Iowa Ave., Ste. 100  
Riverside, CA 92507  
Phone #: (909) 788-2559  
FAX #: (909) 788-2515  
[www.resources4u.com/pac](http://www.resources4u.com/pac)

#### **Small Business Exchange**

703 Market St., Ste. 1000  
San Francisco, CA 94103  
Phone #: (415) 778-6250  
FAX #: (415) 778-6255  
[www.sbeinc.com](http://www.sbeinc.com)

## **Section 5: Reporting Requirements**

All requests for services, supplies, equipment or construction solicited by the SWRCB, other governmental agencies, non-profit agencies, or private businesses are subject to the MBE/WBE requirements. **These requirements apply to the prime contractor and all subcontractors.** The only exceptions to this requirement are contracts with governmental or non-profit agencies.

For the duration of the contract, all primary and subcontractors will be required to report progress made in fulfilling the “good faith” effort in their quarterly reports. Failure to provide this information as stipulated in the contract language will be cause for contract termination. CWP staff will provide recipients with the forms and instructions to report their “good faith” efforts after the ATA.

Once a bidder is selected, the prime contractor should compile the information required by the “good faith” effort process. **All information supporting the “good faith” effort must be submitted within ten working days after the bid opening.** Recipient shall review the successful bidder’s records closely to be sure that, prior to bid opening, all required “good faith” efforts were made. Failure of either the bidder or prime contractor/subcontractor to follow the process and provide the necessary information to CWP could jeopardize the bidding process. The following situations and circumstances require actions as indicated:

1. If the apparent successful low bidder was rejected a complete explanation must be provided.
2. Each MBE/WBE firm utilized must complete and submit the Form 3, Contractor Self-Certification with the bid.
3. If additional subcontracts become necessary after the award of the prime contract, provide Form 3 to CWP within ten working days following the award of each new subcontract.
4. Any deviation from the information provided at the time of the bid shall not result in a reduction of MBE/WBE participation without prior approval of CWP.
5. Failure of the apparent low bidder to perform the five “good faith” effort steps *prior* to bid opening and submittal of Form 4 with the bid, will result in its bid being declared non-responsive. The contract may then be awarded to the next low, responsive, responsible bidder that meets the requirements or the recipient may re-advertise the project.
6. The apparent successful low bidder must submit documentation to the recipient within ten working days following bid opening showing that, prior to the bid opening, all required “good faith” efforts were made.

## **Section 6: Definitions**

**A bona fide minority or women-owned business enterprise (MBE/WBE) is a:**

- (1) MBE or WBE that has submitted a “Minority or Women-Owned Business Enterprise Contractor Self-Certification” Form 3, and
- (2) A firm that has been accepted as a bona fide MBE or WBE by the recipient.

In addition, a bona fide MBE/WBE must be an independent business concern that is at least 51% owned, controlled, and operated by minority group members (see definition of minority group member) or women. Ownership and control can be measured by:

## *State Revolving Fund Loan Program MBE/WBE Instructions*

- Contract work performance responsibility.
- Management responsibility.
- At least 51% share of profits and risk.
- Other data (such as voting rights) that may clarify ownership or control.

**Control** means exercising the power to make policy decisions.

**Operate** means being actively involved in the day-to-day management of the business.

Determination of whether a business is at least 51% owned by a woman or women shall be made without regard to community property laws. An otherwise qualified WBE which is 51% owned by a married woman in a community property state will not be disqualified because her husband has a 50% interest in her share. Similarly, a business that is 51% owned by a married man and 49% by an unmarried woman does not become a qualified WBE by virtue of the wife's 50% interest in the husband's share of the business.

**A joint venture** is a business enterprise formed by a combination of firms under a joint venture agreement. To qualify as a bona fide MBE/WBE, the minority-owned or women-owned and controlled firms in the joint venture must:

- Satisfy all requirements for bona fide MBE/WBE participation in their own rights.
- Share a clearly defined percentage of the ownership, management responsibilities, risks, and profits of the joint venture. Only this percentage of ownership will be credited towards the MBE/WBE goal.

**A minority group member** is a citizen of the United States and one of the following:

- **Native American** consists of American Indian, Eskimo, Aleut, and native Hawaiian. To qualify, the person must meet one of the following criteria:
  1. Native Americans are at least one-fourth Indian descent (as evidenced by registration with the Bureau of Indian Affairs).
  2. Characteristic Indian appearance and features.
  3. Characteristic Indian name.
  4. Recognition in the community as an Indian.
  5. Membership in a tribe, band, or group of American Indians (recognized by the Federal Government), as evidenced by a tribal enrollment number or similar indication.
- **African-American** consists of individuals having origins in any of the black racial groups of Africa.
- **Asian-Pacific American** consists of individuals having origins in any of the original peoples of the Far East, Southeast Asia, and the Indian subcontinent. This area includes, for example, China, Japan, Korea, the Philippines, Vietnam, Samoa, Guam, U.S. Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan. The Indian subcontinent takes in the countries of India, Pakistan, Bangladesh, Sri Lanka, Nepal, Sikkim, and Bhutan.
- **Hispanic American** consists of individuals with origins from Puerto Rico, Mexico, Cuba, or South or Central America. Only those persons from Central and South American countries who are of Spanish origin, descent, or culture should be included in this category. Persons from Brazil, Guyana, Surinam or Trinidad, for example, would be classified according to



*State Revolving Fund Loan Program MBE/WBE Instructions*

their race and would not necessarily be included in the Hispanic category. In addition, this category does not include persons from Portugal, who should be classified according to race.

In cases where a firm is owned and controlled by a minority woman or women, the percentage may be credited towards MBE participation or as WBE participation, or allocated, but may not be credited fully to both.

**Recipient** – An agency (County, City, Special District, etc.) applying for a SRF loan to construct a project.

**Contractor** – Refers to any recipient of funds who will participate in some phase of construction. The contractor receiving funds directly from the recipient for construction is the prime contractor. Contractors working for the prime contractor are subcontractors.

**Project Manager** – Is the CWP staff responsible for managing the project. The Project/Contract Manager is responsible for review during the planning, design and contract development phases.

## **Section 7: MBE/WBE Forms**

The following forms are provided to report project MBE/WBE information. They are available in electronic form from Ken Gonzales at (916) 341-5683 or [Gonzalesk@cwpswrcb.ca.gov](mailto:Gonzalesk@cwpswrcb.ca.gov). If you have any questions about completing these forms or when to turn them in, please contact Mr. Gonzales.

**All Forms, where applicable, must have original signature and date.**

The following table provides information on who completes each form and where the forms are to be sent:

Form#	Description	Completed By	Submit To	Forward To
1	Solicitation	Prime	Recipient	CWP with ATA
2	Bids Received List	Prime	Recipient	CWP with ATA
3 (Att A)	Self-Certification	MBE/WBE Sub	Prime	Recipient, CWP w/ATA
4 (Att B)	Selected Subcontractors	Prime (with bid)	Recipient	CWP with ATA
5	Sample Summary	Prime	Recipient	CWP with ATA
6	Positive Effort Certification	Recipient	CWP w/ATA	

*State Revolving Fund Loan Program MBE/WBE Instructions*

**FORM 1**

MINORITY AND WOMEN OWNED BUSINESS ENTERPRISE (MBE/WBE)  
“GOOD FAITH” EFFORT LIST OF CONTRACTORS SOLICITED

Contractor Name	Contractor Address	Category (MBE or WBE)	How Located	Date of Contact	Contact Method	Task Description	Delivery Schedule	Response (Yes/No)

**Form for information required to be submitted with the ATA package.**

## FORM 2

MINORITY AND WOMEN OWNED BUSINESS ENTERPRISE (MBE/WBE)  
 “GOOD FAITH” EFFORT BIDS RECEIVED LIST

[illegible]

**Form for information required to be submitted with the ATA package.**

**FORM 3 (Attachment A)**  
**MINORITY- OR WOMEN-OWNED BUSINESS ENTERPRISE**  
**(MBE/WBE)**

**CONTRACTOR SELF CERTIFICATION**

Firm Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Principal Service or Product: \_\_\_\_\_

PLEASE INDICATE PERCENTAGE OF OWNERSHIP

☐ MBE \_\_\_\_\_% Ownership

☐ WBE \_\_\_\_\_% Ownership

☐ Prime Contractor

☐ Supplier of Material/Service

☐ Subcontractor

☐ Broker

☐ Sole Ownership

☐ Corporation

☐ Partnership

☐ Joint Venture

I hereby certify that this firm is a Minority or Women Business Enterprise as defined in Public Contract Code, Section 10115.1. In making this certification, I am aware of Sections 12650 et seq. of the Government Code, providing for the imposition of treble damages for making false claims against the State and Section 10115.10 of the Public Contract Code, making it a crime to intentionally make an untrue statement in this certificate.

Certified by: \_\_\_\_\_ Title: \_\_\_\_\_

MBE/WBE Sub \_\_\_\_\_ (ORIGINAL SIGNATURE AND DATE REQUIRED)

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Additional proof may be required upon written challenge of this certification by any person or agency. Falsification of this certification by a firm selected to perform federally funded work may result in a determination that the firm is non-responsive and ineligible for future contracts.

**This form must be submitted within 10 working days after the bid opening date.**

*State Revolving Fund Loan Program MBE/WBE Instructions*

**FORM 4 (Attachment B)**

**PRIME CONTRACTOR/RECIPIENT**

**SELECTED MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISES (MBE/WBEs)**

CONTRACT RECIPIENTS NAME		CONTRACT NO. OR SPECIFICATION NO.	
PROJECT DESCRIPTION		PROJECT LOCATION	
<b>PRIME CONTRACTOR INFORMATION</b>			
NAME AND ADDRESS (Include ZIP Code, Federal Employer Tax ID #)		<input type="checkbox"/> MBE <input type="checkbox"/> WBE	
PHONE		AMOUNT OF CONTRACT\$	
<b>MBE/WBE INFORMATION</b>			
<input type="checkbox"/> NONE*			
<input type="checkbox"/> MBE <input type="checkbox"/> WBE		NAME AND ADDRESS (Include ZIP Code,)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> BROKER		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
<input type="checkbox"/> MBE <input type="checkbox"/> WBE		NAME AND ADDRESS (Include ZIP Code)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> BROKER		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
<input type="checkbox"/> MBE <input type="checkbox"/> WBE		NAME AND ADDRESS (Include ZIP Code,)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> BROKER		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
<input type="checkbox"/> MBE <input type="checkbox"/> WBE		NAME AND ADDRESS (Include ZIP Code)	
<input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> BROKER		
AMOUNT OF CONTRACT \$		PHONE	
WORK TO BE PERFORMED			
TOTAL MBE AMOUNT:      \$_____		TOTAL WBE AMOUNT:      \$_____	
SIGNATURE OF PERSON COMPLETING FORM: _____			
TITLE: _____		PHONE: _____ DATE: _____	

\*Negative reports are required.

**ORIGINAL SIGNATURE AND DATE REQUIRED**

**Failure to complete and submit this form with the bid will cause the bid to be rejected as non-responsive.**

## FORM 5

### **SAMPLE SUMMARY OF BIDS RECEIVED FROM SUBCONTRACTORS (MBE/WBE & NON-MBE/WBE)**

**THIS SUMMARY IS PREPARED BY THE PRIME CONTRACTOR**

<b>Type of Job</b>	<b>Company Name</b>	<b>Selected</b>	<b>Bid Amount</b>	<b>MBE</b>	<b>WBE</b>	<b>NON</b>
<b>Asphalt</b>	<b>Gillerti &amp; Sons</b>	<b>X</b>	<b>\$123,750</b>	<b>X</b>		
	Americash		\$131,850			<b>X</b>
	Caltex		\$176,775			<b>X</b>
<b>Bore &amp; Jack</b>	<b>State Boring</b>	<b>X</b>	<b>\$208,870</b>			<b>X</b>
	Jack Bore		\$208,870			<b>X</b>
	Alotta Boring		\$227,472	<b>X</b>		
<b>Electrical</b>	Square Fasteners, Inc		\$20,190	<b>X</b>		
	<b>REM Sleep Co</b>	<b>X*</b>	<b>\$24,189</b>		<b>X</b>	
	Tram Electic		\$30,120			<b>X</b>
<b>Masonry</b>	<b>Welch, Inc.</b>	<b>X</b>	<b>\$20,383</b>		<b>X</b>	
	Cheatum		\$36,000	<b>X</b>		
<b>Striping</b>	<b>Orange Peel</b>	<b>X</b>	<b>\$8,597</b>			<b>X</b>
	Crispy Boys Co.		\$9,370			<b>X</b>
	Sweat Co.		\$11,785	<b>X</b>		

\*REM Sleep Co. selected over Square Fasteners, Inc. due to incomplete bid by Square Fasteners.

List type of jobs alphabetically, from low to high in each category and selected low bidder. All other types of bidders such as DBE, SWBE SMBE, and Non MBE/WBE should be shown in the "Non" column.

**Form for information required to be submitted with the ATA package.**

*State Revolving Fund Loan Program MBE/WBE Instructions*

**FORM 6**

**MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE (MBE/WBE)  
POSITIVE EFFORT CERTIFICATION BY APPLICANT/RECIPIENT**

1. The apparent successful low bidder on Clean Water Program funded project number C-06-\_\_\_\_\_ is \_\_\_\_\_  
(name of bidder)
2. Before the State Water Resources Control Board - Division of Financial Assistance can consider requests for an Approval To Award (ATA) to any bidder the applicant/recipient must certify to the following:

**MINORITY BUSINESS ENTERPRISE (MBE)**

The bidder has obtained \_\_\_\_\_% of MBE participation for this contract.

**WOMEN BUSINESS ENTERPRISE (WBE)**

The bidder has obtained \_\_\_\_\_% of WBE participation for this contract.

Also submitted are Forms 3 and 4 which contain a complete list of those MBE and WBE firms subcontracted with or with whom other types of agreements were made. The list includes the names of the firm, address, phone number and dollar amount involved.

The following affirmative steps as required by 40 CFR 35.3150 (d) have been taken:

- (1) The contractor divided total requirements when economically feasible, into small tasks or quantities to permit maximum participation of minority and women's businesses.
- (2) The contractor established delivery schedules, where the requirements of the work permitted, which encouraged participation by minority and women's business.
- (3) The contractor included qualified minority and women's businesses on solicitation lists.
- (4) The contractor assures that minority and women's businesses were solicited, whenever they were potential sources.
- (5) The contractor used the services and assistance of the Small Business Administration and the Office of Minority Business Development Agency of the U.S. Department of Commerce.

It must be understood that the applicant/recipient in its role as a public trustee assumes primary responsibility to achieve an acceptable level of MBE/WBE utilization. This primary responsibility is a basic condition of the award of any State Revolving Fund financial assistance. Where an application/recipient fails to meet its obligations under these requirements the applicant/recipient may be declared nonresponsive and may have funding either annulled, suspended or terminated.

In accepting these responsibilities, I hereby certify to the above.

\_\_\_\_\_  
Name of Applicant/Recipient

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title of Authorized Representative

**This form must be submitted with the ATA package.**

**WATER RESOURCES CONTROL BOARD - DIVISION OF FINANCIAL ASSISTANCE  
MINORITY BUSINESS/WOMEN BUSINESS ENTERPRISE (MBE/WBE) UTILIZATION  
FEDERAL CLEAN WATER GRANT OR STATE REVOLVING FUND LOAN**

1. All purchases for this contract are completed.		2. GRANT/LOAN NO: <b>C-06-4062-230</b>		3. REPORTING QUARTER (Check one): Jan.-Mar.    April-June    July-Sept    Oct-Dec		4. TOTAL ACCUMULATED PAYMENTS PAID TO CONTRACTOR: \$	
5. PURCHASE PERIOD UNDER THIS LOAN CONTRACT: START DATE: _____ ENDING DATE: _____						6. TOTAL PAYMENTS TO PRIME CONTRACTOR THIS QUARTER: \$	
7. RECIPIENT'S NAME AND ADDRESS: <b>City of Santa Rosa 69 Stony Circle Santa Rosa, CA 95401</b>						8. RECIPIENT'S CONTACT PERSON AND PHONE NUMBER:	
9. MBE/WBE PAYMENTS PAID BY PRIME CONTRACTOR DURING REPORTING QUARTER (AMOUNT(S) INCLUDED IN BOX NO. 6.)							
PURCHASE MADE BY RECIPIENT/ CONTRACTOR	BUSINESS ENTERPRISE DOLLAR VALUE OF PROCUREMENT		DATE OF AWARD (M/D/Y)	PRODUCT TYPE CODE (BELOW)	NAME AND ADDRESS OF MBE/WBE CONTRACTOR/SUBCONTRACTOR OR VENDOR		
	MBE	WBE					
TOTALS	\$	\$					
10. COMMENTS:							
11. SIGNATURE AND TITLE OF RECIPIENT'S AUTHORIZED REPRESENTATIVE						12. DATE	

UR 334 (11/98)



**WATER RESOURCES CONTROL BOARD - DIVISION OF FINANCIAL ASSISTANCE  
MINORITY BUSINESS/WOMEN BUSINESS ENTERPRISE (MBE/WBE) UTILIZATION  
FEDERAL CLEAN WATER GRANT OR STATE REVOLVING FUND LOAN  
INSTRUCTIONS FOR COMPLETING THE UR 334**

- Box 1** Check this box only if *all* procurements (purchases) under this loan contract or grant have been completed either during the reporting quarter or a prior quarter. If you check this box, we will no longer send you quarterly surveys.
- Box 2** State Revolving Fund loan number.
- Box 3** Mark the appropriate quarter. If you are sending data for more than one quarter, copy the form and prepare multiple reports. (Note: reporting the information in the proper quarter is not as important as collecting and reporting all MBE/WBE purchases.)
- Box 4** Enter the total amount of payments paid to the contractor including previous quarters.
- Box 5** Enter the dates between which you plan to make procurements under this loan or grant.
- Box 6** Enter the total dollar amount of payments paid to prime contractor for this reporting quarter. This total includes MBE, WBE, Subcontractor payments shown in box no. 9.
- Box 7** Enter the loan or grantee name and address.
- Box 8** Enter the loan or grantee contact person's name and phone number.
- Box 9** Enter details for the MBE or WBE purchases *only* and be sure to limit them to the same period used for Box 6. 1) Use either an "R" or a "C" to represent "Recipient" or "Contractor." 2) Enter a dollar total for either MBE or WBE and total the two columns at the bottom of the section. 3) Provide an award date. 4) Enter a product type choice from those at the bottom of the page. 5) List the vendor name and address in the right-hand column.
- Box 10** This box is for explanatory information or questions.
- Box 11** Provide an authorized representative signature
- Box 12** Enter the date of completion.

May 20, 1998

Sample Certification of Compliance  
With Federal Laws and Authorities

**Environmental Authorities**

1. Archeological and Historical Preservation Act of 1974, Pub. L. 86-523, as amended.
2. Clean Air Act, Pub. L. 84-159, as amended.
3. Coastal Barrier Resources Act, Pub. L. 97-348.
4. Coastal Zone Management Act, Pub. L. 92-583, as amended.
5. Endangered Species Act, Pub. L. 93-205, as amended.
6. Environmental Justice, Executive Order 12898.
7. Floodplain Management, Executive Order, 11988 as amended by Executive Order 12148.
8. Protection of Wetlands, Executive Order 11990.
9. Farmland Protection Policy Act, Pub. L. 97-98.
10. Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended.
11. National Historic Preservation Act of 1966, Pub. L. 89-665, as amended.
12. Safe Drinking Water Act, Pub. L. 93-523, as amended.
13. Wild and Scenic Rivers Act, Pub. L. 90-542, as amended.

**Economic and Miscellaneous Authorities**

1. Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372.
2. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
3. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended.

4. Debarment and Suspension, Executive Order 12549.

May 20, 1998

### **Social Policy Authorities**

1. Age Discrimination Act of 1975, Pub. L. 94-135.
2. Title VI of the Civil Rights Act of 1964, Pub. L. 88-352.<sup>1</sup>
3. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act).
4. Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250).
5. The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient).
6. Equal Employment Opportunity, Executive Order 11246.
7. Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432.
8. Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590.
9. Anti-Lobbing Provisions (40 CFR Part 30) [applies only to capitalization grant recipients].

### **CERTIFICATION**

I certify that \_\_\_\_\_  
(Municipality)  
has, or will, comply with the above list of federal laws and authorities.

\_\_\_\_\_  
Signature of Authorized  
Representative or Designee

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
<sup>1</sup> The Civil Rights Act and related anti-discrimination statutes apply to all the operation of the SRF program.

State Water Resources Control Board  
Division of Clean Water Programs  
**Financial Assistance Application**

**Type of Assistance Requested**
☐ A. State Revolving Fund  
Loan Program (SRF)

☐ B. Water Reclamation  
Loan Program (WRLP)

☐ C. Small Community  
Grant Program (SCG)

Amount of Assistance Requested: \_\_\_\_\_

State Assigned Project No.: \_\_\_\_\_

**I. Applicant Information**

Agency Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Authorized Representative (Name/Title/Phone): \_\_\_\_\_

Contact Person (Name/Title/Phone): \_\_\_\_\_

**II. Project Information**

1. Project Description: \_\_\_\_\_ (Attach a brief description. Label as Attachment 1)

2. Project Name: \_\_\_\_\_

3. Reg. Water Quality Control Bd.: \_\_\_\_\_ 4. Est. Construction Start Date: \_\_\_\_\_

5. Current Project Status: ☐ Planning Underway ☐ Planning Complete ☐ Other \_\_\_\_\_

## 6. Estimated Project Capital Costs and Funding Summary:

Cost Classification	SWRCB Program Share, \$	Applicant's Share, \$	Other Loans or Grants, etc., \$	Total, \$
A. Facilities Construction				
B. Facilities Planning (a, c)				
C. Facilities Design (a)				
D. Administration and Legal (a)				
E. Land & Right-of-Way (b)				
F. Prime Engineering (a, c)				
G. Contingencies				
H. Relocation Payments (a, c)				
I. Engineering Services During Const. (a)				
J. Other Costs (explain)				
K. Total Capital Costs				
L. Additional Cash Flow Needs (d)	Not Fundable			
M. Total Funding Requirements				

(a) An allowance may be provided for planning, design, legal, engineering during construction, relocation payments, and administration costs. For details, please refer to the guidelines of the corresponding program.

(b) WRLP Program only.

(c) SRF Loan Program and SCG Program only.

(d) This is the amount in excess of the total capital costs needed to cover cash flow requirements during construction. This amount is obtained from the cash flow analysis in the Construction Financing Plan.

All costs in Item 6 above are adjusted to the following date: \_\_\_\_\_ by using the following rate of inflation  
\_\_\_\_\_ % annually, or cost index: (name) \_\_\_\_\_, (index value) \_\_\_\_\_

7. Sources of Funds for Capital Costs:

Source	(e)	Amount, \$
A. Loan or Grant Requested		
B. Cash Reserves Now on Deposit		
C. Bonds	(f)	
D. Tax Levies	(g)	
E. Non-cash	(h)	
F. Short Term Loans or Notes	(h)	
G. Other State Loans or Grants	(i)	
H. Other Federal Grants or Loans	(h)	
I. Other		
J. Total	(j)	

- (e) Use attachments if necessary (label as Attachment 2).  
 (f) Specify type of bonds, provide date of voter approval, total amount of authorized issue, and effective interest rate.  
 (g) Specify type of tax and provide the amount to be received by the date of the expected state loan award.  
 (h) Provide details of legal authorization, cite appropriate code or other legal reference, specific source of funds, time of expected receipt and, in the case of liabilities, the security provided by the Applicant.  
 (i) Provide name of program and law authorizing program, whether grant or loan, date of approval, schedule of payments, and effective interest rate for loan.  
 (j) This total should equal the Total in item 6.M. above.

### III. Authorization and Other Approvals

- Legal authority:** Submit a legal opinion, including legal citations, addressing the following issues (label as Attachment 3):
  - The legal authority to enter into a loan or grant contract with the State Water Resources Control Board.
  - Any requirements that the applicant hold an election before entering into a loan or grant contract with the State Water Resources Control Board. If an election is required, state the date held or the date scheduled: \_\_\_\_\_
- Applicant Authorization:** Submit a certified copy of a resolution adopted by the governing body (label as Attachment 4). A model resolution is attached for your reference.
- Water Rights:** To comply with Sections 1210 through 1212 of the Water Code, a Petition for Change may be required to be filed and be approved by the Division of Water Rights, State Water Resources Control Board.  
 Have you filed a petition with the Division of Water Rights? ☐ Yes ☐ No  
 If no, explain: \_\_\_\_\_  
 You should contact the Division of Water Rights, Petition Unit, at (916) 657-1942 for further information.
- Project Report or Facilities Planning Document:** Submit a completed facilities planning document and any supplementary documents that contain the required facilities planning information described in each of the program guidelines (label as Attachment 5).
- Environmental Review:** Refer to the Division of Clean Water Programs "Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants" for details on meeting state environmental review requirements. Submit all available environmental documents for your project (label as Attachment 6). Indicate below those documents submitted:  
☐ Negative Declaration, ☐ Draft EIR, ☐ Final EIR, ☐ Notice of Determination  
 State Clearinghouse Number \_\_\_\_\_
- Draft Revenue Program:** Submit a draft revenue program (label as Attachment 7). For more information, please refer to the respective program guidelines. Water reclamation projects funded by the SRF need to submit draft revenue program satisfying WRLP guidelines only.
- Project Schedule:** Submit a project schedule showing project milestone dates (label as Attachment 8). This schedule should be updated periodically as more information becomes available.

8. **Regional Board Requirements:** Submit adopted or tentative Waste Discharge Requirements (WDR), Water Reclamation Reclamation Requirements, and/or NPDES Permit which the Regional Board has adopted or proposed for the project (label as Attachment 9).
9. **Real Property Acquisition:** Has all necessary land or right-of-way been acquired? ☐ Yes ☐ No  
If no, submit status of acquisition (label as Attachment 10).
10. **Agreements With Other Parties:** Please list (in section V) all agreements and approvals needed for implementation of the project. Explain status of said agreements and approvals.

#### IV. Other Submittals

##### A - State Revolving Fund Loan Program

1. **Water Conservation Plan:** Prior to approval of the project by the State Water Resources Control Board, specific Water Conservation requirements must be achieved. In fulfillment of these requirements, please indicate below what pertinent information you are submitting (label as Attachment 11):
- ☐ Proof of signed Memorandum Of Understanding with California Urban Water Conservation Council or
- ☐ Copy of the developed Water Conservation Program for approval by the State Water Resources Control Board or
- ☐ None at this time. Please explain \_\_\_\_\_
- For more information, please call (916) 227-4554 and ask for the Water Conservation Specialist.
2. **Dedicated Source of Revenue:** A "Dedicated Source of Revenue" is required to repay the loan. See revenue program requirements included in the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities," as amended. Please attach appropriate resolution or ordinance or indicate schedule to provide dedicated source of revenue (label as Attachment 12). A Dedicated Source of Revenue must be approved before a loan contract can be issued.
3. **Certification of Compliance with Federal Laws and Authorities:** (Attachment 13)
4. **Pre-Award Compliance Report:** (Attachment 14)

##### B - Water Reclamation Projects (SRF or WRLP)

This section applies to water reclamation projects constructed for the purpose of providing water supply rather than water pollution control or wastewater disposal. For water reclamation projects funded by the SRF, the documents required under section IV.A must also be submitted.

##### 1. Estimated Annual Costs:

Cost Classification	Annual Costs, \$	
	First Year	Fifth Year
Debt Service		
Fixed Operation and Maintenance Costs		
Variable Operation and Maintenance Costs		
Other (explain)		
Total Annual Costs		

Assumed Date of Costs for:

First Year of Operation: \_\_\_\_\_

Fifth Year of Operation: \_\_\_\_\_

Assumed Cost Index or Rate of inflation: Index Name: \_\_\_\_\_ Index Value: \_\_\_\_\_ or  
Inflation Rate: \_\_\_\_\_ % per yr.

**2. Annual Deliveries:**

Year of Operation	1	2	3	4	5
No. of Sites					
Amount, (Ac-Ft/Yr)					

**3. Reclaimed Water User Assurances:** Please indicate method of providing user assurances

☐ User Agreements

☐ Mandatory Use Ordinance

Refer to WRLP guidelines for latest requirements and timing of submittals (label as Attachment 15).

**V. Notes or Explanations:**

**VI. Certification and Signature of Authorized Representative**

I certify that the information in this application, including all attachments, is true and correct to the best of my knowledge and belief. I understand that updated information will be required to be submitted later.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Agency's Federal I.D. No.: \_\_\_\_\_

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD  
DIVISION OF CLEAN WATER PROGRAMS  
STATE REVOLVING FUND (SRF)  
LOAN CONTRACT REVIEW CHECKLIST

Project No. \_\_\_\_\_  
(from SRF Priority List)

Applicant \_\_\_\_\_

Project Description \_\_\_\_\_  
(exactly as to be used in Loan Contract - use attachment if more space required)

Items 1-10 to be completed by Project Managers and submitted to Contracts Team when Plans and Specs are approved.

<u>Surname</u>	<u>Date</u>		<u>Explain any no answers</u>
_____	_____	1. Has the project met all the priority requirements for receiving a loan in the current year? (Attach SWRCB Resolution approving loan)	Yes _____ No _____
_____	_____	2. Is this a refinance or retroactive funding project? (If refinance, please submit a letter of concurrence from the State Treasurer's Office via Eric Torguson regarding funding. Payments up to eight (8) Federal Fiscal Year (F.F.Y.) Quarters, commencing from the date of the Federal Capitalization Grant for the FFY monies from which this project is being funded.	Yes _____ No _____
_____	_____	3.a. Has the applicant demonstrated the legal, institutional, managerial and financial capability to construct, operate, and maintain the project?	Yes _____ No _____
_____	_____	b. Has the applicant been informed of the program records keeping requirements?	Yes _____ No _____
_____	_____	4. Has the applicant met the Revenue Program requirements including: a) An approved draft final user charge system? b) Approved ordinance or resolution committing dedicated source to repay the loan? c) Approval of proposed or existing sewer use ordinance?	Yes _____ No _____ Yes _____ No _____ Yes _____ No _____
			Date _____
Revenue Program Specialist			
_____	_____	5.a. Has the project received Facility Plan Approval? (Attach a copy of Facility Plan Approval letter.)	Date of Appr _____
_____	_____	b. Have all environmental conditions of loan approval been met?	Yes _____ No _____
_____	_____	c. Are there any environmental condition(s) to be included in the loan contract? (If yes, enter condition(s) in No. 9.)	Yes _____ No _____
			Date _____
Environmental Review Coordinator			
_____	_____	6. Have the plans and specifications been approved? (Attach a copy of Plans and Specification Approval letter. The date of this letter will be used in first paragraph of the loan contract.)	Date of Appr _____



**STATE WATER RESOURCES CONTROL BOARD  
CERTIFICATION OF BOND AND INSURANCE COVERAGE**

---

Name of Applicant

---

Project No. C-06-4062-330

---

OR SCG-

---

Name of Insured Contractor -

---

Schedule Date of Completion

---



---

**PERFORMANCE BOND**

---

Company

---

Policy No.

---

Amount

---

Date Expires

---

**LABOR & MATERIAL BOND**

---

Company

---

Policy No.

---

Amount

---

Date Expires

---

**PUBLIC LIABILITY**

---

Company

---

Policy No.

---

Amount

---

Date Expires

---

**PROPERTY DAMAGE**

---

Company

---

Policy No.

---

Amount

---

Date Expires

---

**\*FIRE INSURANCE**

---

Company

---

Policy No.

---

Amount

---

Date Expires

---

**\*\*WORKMAN'S COMPENSATION**

---

Company

---

Policy No.

---

Amount

---

Date Expires

\*      If covered by blanket policy, please explain and indicate limits.

\*\*     If covered through the industrial commission or other agency as required by State Law, it will be satisfactory to indicate the policy number.

---



---

I certify that the above coverage in the amounts indicated is carried on the project.  
These policies will be kept in force for the duration of construction of the project.

---

Signature of Applicant's Authorized Representative

---

Title

---

Date

A copy of this document must be retained in the applicant's files.

**NOTICE TO LABOR UNIONS OR OTHER ORGANIZATIONS OF WORKERS**  
**NON DISCRIMINATION IN EMPLOYMENT**

TO: \_\_\_\_\_  
(Name of union or organization of workers)

The undersigned currently holds contract(s) with \_\_\_\_\_  
(Name of Applicant)

involving funds or credit of the U.S. Government of (a) subcontract(s) with a prime contractor holding such contract(s).

You are advised that under the provisions of the above contract(s) or subcontract(s) and in accordance with Executive order 11246, the undersigned is obliged not to discriminate against any employee or applicant for employment because of race, color, creed or national origin. This obligations not to discriminate in employment includes, but is not limited to the following:

HIRING, PLACEMENT, UPGRADING, TRANSFER, OR DEMOTION,  
RECRUITMENT, ADVERTISING, OR SOLICITATION FOR EMPLOYMENT  
TRAINING DURING EMPLOYMENT, RATES OF PAY OR OTHER FORMS OF  
COMPENSATION, SELECTION FOR TRAINING INCLUDING  
APPRENTICESHIP, LAYOFF, OR TERMINATION

This notice is furnished you pursuant to the provisions of the above contact(s) or subcontract(s) and Executive Order 11246.

Copies of this notice will be posted by the undersigned in conspicuous places available to employees or applicants for employment.

\_\_\_\_\_  
\_\_\_\_\_  
/S/

\_\_\_\_\_  
(Contractor or subcontractor)

\_\_\_\_\_  
(Date)



**STATE WATER RESOURCES CONTROL BOARD  
DISBURSEMENT REQUEST INSTRUCTIONS FOR  
STATE REVOLVING FUND LOANS**

This document provides instructions for requesting disbursement for the State Revolving Fund Loan.

**WHEN TO REQUEST DISBURSEMENT**

Disbursement requests can be submitted to the Division of Clean Water Programs (DCWP) on a monthly basis after the contract (or amendment, as appropriate) has been executed.

**DISBURSEMENT REQUEST FORM**

Disbursement requests must be submitted on Form No. 260, Request for Loan Disbursement or Grant Disbursement. Form No. 260 is transmitted to the loan recipient at the time the executed contract or amendment is transmitted. A copy of Form No. 260 is included as Attachment "A".

**AUTHORIZED REPRESENTATIVE**

The application for the loan included a copy of the resolution by the governing body of the recipient designating its "Authorized Representative" who is authorized to sign documents and represent the agency relative to the loan program. The Form No. 260 lists the name and title of the authorized representative. If your agency uses a "Designated Representative (Designee)" instead of the agency's appointed Authorized Representative as executor, please provide a letter of explanation indicating **NAME** and **TITLE** of the representative. This letter must be signed and dated by the Agency's appointed Authorized Representative in order to be effectual.

In the event that a new Authorized Representative is named, a resolution authorizing the new representative must be submitted. Note: If the authorizing resolution identified the Authorized Representative by title or position rather than name, a new resolution may not be required. In such cases, a formal letter of appointment will suffice.

## **CERTIFICATION OF EXPENDITURES**

To comply with the 1986 Federal Tax Reform Act, recipients must “certify” that (1) costs claimed have been incurred and that these costs have been paid or will be paid within thirty (30) days of receipt of the loan funds requested, (2) if the costs have not been paid within 30 days, funds remaining will be returned to the State Water Resources Control Board (SWRCB), and (3) that all prior funds received from the loan program have been disbursed within 30 days of receipt or have been returned to the SWRCB.

The recipient is also certifying that the costs claimed are specific to the loan and within the approved scope of work.

## **COMPLETING FORM NO. 260 -- REQUEST FOR LOAN OR GRANT DISBURSEMENT (ATTACHMENT “A”)**

The Form No. 260 will be partially completed by the SWRCB staff before being sent to the recipient. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter the eligible construction completion percentage (refer to Attachment “B”).
4. Enter total costs incurred to date in Column (C), except construction costs. (For construction costs see the section of these instructions titled Completing Form No. 259 -- Construction Contractor Spreadsheet.)
5. Refer to **Attachment “B”** for complete details on how to calculate the allowances.
6. Have the Authorized Representative sign and date the “Recipient Certification” portion of Form No. 260.

No other entries or adjustments to the form should be made. A copy of the processed Form No. 260 will be sent to the recipient showing the date processed and the amount to be disbursed.

**COMPLETING FORM NO. 259 -- CONSTRUCTION CONTRACTOR  
SPREADSHEET (ATTACHMENT "C")**

If disbursement is being requested for construction work, the recipient must include (1) Form No. 259, "Construction Contractor Spreadsheet", and (2) a signed construction contractor's pay estimate. A copy of Form No. 259 is included as Attachment "B".

Form No. 259 is transmitted to the recipient as an enclosure to the letter transmitting Form No. 260 whenever construction costs are part of the loan contract. Form No. 259 will be partially completed by the DCWP. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter work completed for bid items into Column (G), "Total Work Completed to Date".
  - o Percent of work completed to date must be entered for lump sum items.
  - o Quantity of work completed to date must be entered for items bid by unit price.
4. Calculate "Total Costs Incurred to Date", Column (H), for each bid item by multiplying Column (E), "Unit Price", times Column (G), "Total Work Completed to Date". Enter this figure into Column (H).
5. If there are materials on hand, enter this figure into Column (H).
6. Any retention withheld from the contractor should be entered into Column (H), unless the retention was deposited into Escrow or a Certificate of Deposit. The recipient must include a copy of the statement of deposit for any contractor retention funds that have been deposited into Escrow or a Certificate of Deposit.
7. Calculate "Total Eligible Costs Claimed for Payment" by multiplying Column (H) times Column (I), "Eligible Percent". Enter this figure into Column (J).
8. Total Column (H). Enter this figure on the Form No. 260, Column (C) for construction costs.
9. Total Column (J). Enter this figure on the Form No. 260, Column (E) for construction costs.

Columns (K), (L), and (M) will be completed by DCWP. However, the recipient may complete these columns for their own information.

With the Form Nos. 259 and 260, the recipient must include a copy of the construction contractor's pay estimate. The contractor's pay estimate must be itemized by bid item for the project as outlined in the original bid in the Approval to Award. If the contractor's pay estimate is itemized differently than what is outlined in the original bid document, then the recipient must provide documentation to show correlation between the contractor's pay estimate and the original bid. The contractor's pay estimate must be signed by both the loan recipient and the contractor.

### **WHERE TO SEND DISBURSEMENT REQUESTS**

Disbursement requests for the State Revolving Fund Loans should be mailed to:

Mike Harper, Chief  
Financial and Administration Unit  
Division of Clean Water Programs  
State Water Resources Control Board  
Post Office Box 944212  
Sacramento, CA 94244-2120

Street Address: 2014 T Street, Suite 130  
Sacramento, CA 95814

<b>DISBURSEMENT REQUESTED FOR (CHECK ONE):</b>	
<b>( ) STATE REVOLVING FUND LOAN</b>	<b>DATE:</b> _____
<b>( ) WATER RECLAMATION LOAN</b>	<b>DISBURSEMENT REQUEST NO.</b> _____
<b>( ) SEAWATER INTRUSION CONTROL LOAN</b>	<b>LOAN/GRANT NO.</b> _____
<b>( ) SMALL COMMUNITY GRANT</b>	<b>CONTRACT NO.</b> _____
<b>( ) FACILITIES PLANNING GRANT</b>	<b>% ELIGIBLE CONSTRUCTION COMPLETE:</b> _____

LOAN/GRANT RECIPIENT:	
STREET/P. O. BOX:	
CITY AND ZIP CODE:	
AUTHORIZED REPRESENTATIVE:	TITLE:

FEDERAL AGENCY USE ONLY					STATE USE ONLY		
(A) DESCRIPTION	(B) LOAN/ GRANT AMOUNT	(C) COSTS INCURRED TO DATE	(D) ELIGIBLE PERCENT	(E) COSTS CLAIMED FOR PAY'T TO DATE	(F) COSTS APPROVED FOR PAY'T TO DATE	(G) AMOUNT PREVIOUSLY PAID	(H) APPROVED PAYMENT THIS REQUEST
TOTAL							

**\_\_\_\_\_**

COMMENTS:

I certify that the costs shown in column "C" have been incurred and that these costs have been paid or will be paid within 30 days of receipt of the funds requested hereby. If such costs have not been paid within 30 days, funds received under this request will be returned to the State Water Resources Control Board (SWRCB). I certify that all prior funds received from this loan/grant have been disbursed within 30 days of receipt or have been returned to the SWRCB.

I also certify that costs claimed are specific to the loan or grant and within the approved scope of work.

Signature of the Authorized Representative	Date
--	------

REVIEWED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY:	TITLE:	DATE:
--------------	--------	-------



**ATTACHMENT "B"**  
**STATE REVOLVING FUND LOAN**  
**FORM 260 - ALLOWANCES**

**Planning and Design Allowance**

The Planning and Design Allowances are eligible for disbursement upon execution of the contract.

**Construction and Administration Allowances**

*Form 259 -- Construction Contractor Spreadsheet*

The Construction and Administration Allowances are prorated according to the construction completion percentage per the contractor's pay estimate submitted with the disbursement request. The percentage is derived by the following method:

$$\frac{\text{Subtotal Eligible Costs + MOH (Column J)}}{\text{Eligible Bid Amount (Column C)}} = \% \text{ of Construction Complete}$$

(e.g., 23.17% -- two places)

*Form 260 -- Request for Loan or Grant Disbursement*

To calculate the Costs Claimed for Payment to Date -- Column (E), multiply the Allowance -- Column (B) with the construction completion percentage. This figure is the maximum eligible for the allowance. If the cost incurred is less than the maximum eligible, then post the cost incurred amount in Column E.

**Prime Engineering Allowance**

Prime Engineering Allowance is eligible for disbursement after construction is complete (100 percent).

**ATTACHMENT "C"**  
**STATE WATER RESOURCES CONTROL BOARD**  
**CONSTRUCTION CONTRACTOR SPREADSHEET**  
**CONTRACTOR:**

MAIL TO:

PAYMENTS UNIT  
 DIVISION OF CLEAN WATER PROGRAMS  
 STATE WATER RESOURCES CONTROL BOARD  
 P.O. BOX 944212  
 SACRAMENTO, CA 94244-2120

LOAN NUMBER:

CONTRACT NUMBER :

RECIPIENT AGENCY:

AGENCY ADDRESS:

PAYMENT REQUEST NUMBER: #

AUTHORIZED REPRESENTATIVE:

PAGE:

DATE:

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
ITEM NO	ITEM DESCRIPTION	ELIGIBLE CONTRACT DOLLARS	AS BID CONTRACT QUANTITY	UNIT DESCRIPTION (TON,C.Y., L.S.,ETC)	UNIT PRICE OR LUMP SUM	TOTAL WORK COMPLETED TO DATE (UNITS OR %)	TOTAL COSTS INCURRED TO DATE (FxG)	ELIGIBLE PERCENT	TOTAL ELIGIBLE COSTS (HxI)	AMOUNT PREVIOUSLY PAID	PAYMENT THIS REQUEST (J-K)	REMARKS
	CONTRACT BID ITEMS											
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
	SUBTOTAL CONTRACT ITEM DATA	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		XXXXXXXXXX				
	MATERIALS ON HAND	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX						
	LESS RETENTION	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX						
	CONTRACT TOTALS		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		XXXXXXXXXX				

FORM No 259 (REV.4/92)

NOTE: ELIGIBILITY FOR MATERIALS ON HAND AND RETENTION COSTS IS BASED ON OVERALL PROJECT ELIGIBILITY.

## **STATE WATER RESOURCES CONTROL BOARD DISBURSEMENT REQUEST INSTRUCTIONS FOR LOCAL MATCH LOANS**

This document provides instructions for requesting disbursement for the State Revolving Fund Local Match Loan.

### **WHEN TO REQUEST DISBURSEMENT**

Disbursement requests can be submitted to the Division of Clean Water Programs (DCWP) on a monthly basis after the contract (or amendment, as appropriate) has been executed.

### **DISBURSEMENT REQUEST FORM**

Disbursement requests must be submitted on Form No. 261, Request for Loan Disbursement. Form No. 261 is transmitted to the loan recipient at the time the executed contract or amendment is transmitted. A copy of Form No. 261 is included as Attachment "A".

### **AUTHORIZED REPRESENTATIVE**

The application for the loan included a copy of the resolution by the governing body of the recipient designating its "Authorized Representative" who is authorized to sign documents and represent the agency relative to the loan program. The Form No. 261 lists the name and title of the authorized representative. If your agency uses a "Designated Representative (Designee)" instead of the agency's appointed Authorized Representative as executor, please provide a letter of explanation indicating **NAME** and **TITLE** of the representative. This letter must be signed and dated by the Agency's appointed Authorized Representative in order to be effectual.

In the event that a new Authorized Representative is named, a resolution authorizing the new representative must be submitted. Note: If the authorizing resolution identified the Authorized Representative by title or position rather than name, a new resolution may not be required. In such cases, a formal letter of appointment will suffice.

### **CERTIFICATION OF EXPENDITURES**

To comply with the 1986 Federal Tax Reform Act, recipients must "certify" that (1) costs claimed have been incurred and that these costs have been paid or will be paid within thirty (30) days of receipt of the loan funds requested, (2) if the costs have not been paid within 30 days, funds remaining will be returned to the State Water Resources Control Board (SWRCB), and (3) that all prior funds received from the loan program have been disbursed within 30 days of receipt or have been returned to the SWRCB.

The recipient is also certifying that the appropriate payment has been made with local funds that equate to at least the State match portion and that the costs claimed are specific to the loan and within the approved scope of work. In addition to the certification of payment, the recipient shall submit copies of the canceled checks on a quarterly basis documenting payment of the state match amount.

### **COMPLETING FORM NO. 261 -- REQUEST FOR LOAN DISBURSEMENT** **(ATTACHMENT "A")**

The Form No. 261 will be partially completed by the SWRCB staff before being sent to the recipient. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter the construction completion percentage.
4. Enter total costs incurred to date in Column (C), except construction costs. (For construction costs see the section of these instructions titled Completing Form No. 259 -- Construction Contractor Spreadsheet.)
5. Please refer to **Attachment "B"** for complete details on how to calculate the allowances.
6. On the reverse side of Form No. 261, enter Disbursement Request Number at top right hand corner of the form.
7. Have the Authorized Representative sign and date the "Recipient Certification" portion of Form No. 261.

No other entries or adjustments to the form should be made. A copy of the processed Form No. 261 will be sent to the recipient showing the date processed and the amount to be disbursed.

### **COMPLETING FORM NO. 259 -- CONSTRUCTION CONTRACTOR SPREADSHEET** **(ATTACHMENT "C")**

If disbursement is being requested for construction work, the recipient must include (1) Form No. 259, "Construction Contractor Spreadsheet", and (2) a signed construction contractor's pay estimate. A copy of Form No. 259 is included as Attachment "B".

Form No. 259 is transmitted to the recipient as an enclosure to the letter transmitting Form No. 261 whenever construction costs are part of the loan contract. Form No. 259 will be partially completed by the DCWP. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter work completed for bid items into Column (G), “Total Work Completed to Date”.
  - o Percent of work completed to date must be entered for lump sum items.
  - o Quantity of work completed to date must be entered for items bid by unit price.
4. Calculate “Total Costs Incurred to Date”, Column (H), for each bid item by multiplying Column (E), “Unit Price”, times Column (G), “Total Work Completed to Date”. Enter this figure into Column (H).
5. If there are materials on hand, enter this figure into Column (H).
6. Any retention withheld from the contractor should be entered into Column (H), unless the retention was deposited into Escrow or a Certificate of Deposit. The recipient must include a copy of the statement of deposit for any contractor retention funds that have been deposited into Escrow or a Certificate of Deposit.
7. Calculate “Total Eligible Costs Claimed for Payment” by multiplying Column (H) times Column (I), “Eligible Percent”. Enter this figure into Column (J).
8. Total Column (H). Enter this figure on the Form No. 261, Column (C) for construction costs.
9. Total Column (J). Enter this figure on the Form No. 261, Column (E) for construction costs.

Columns (K), (L), and (M) will be completed by DCWP.

With the Form Nos. 259 and 261, the recipient must include a copy of the construction contractor’s pay estimate. The contractor’s pay estimate must be itemized by bid item for the project as outlined in the original bid in the Approval to Award. If the contractor’s pay estimate is itemized differently than what is outlined in the original bid document, then the recipient must provide

documentation to show correlation between the contractor's pay estimate and the original bid. The contractor's pay estimate must be signed by both the loan recipient and the contractor.

### **WHERE TO SEND DISBURSEMENT REQUESTS**

Disbursement requests for the Local Match Loans should be mailed to:

Mike Harper, Chief  
Financial and Administration Unit  
Division of Clean Water Programs  
State Water Resources Control Board  
Post Office Box 944212  
Sacramento, CA 94244-2120

Street Address: 2014 T Street, Suite 130  
Sacramento, CA 95814

### **CANCELED CHECKS**

In accordance with the Policy, V.B.4.b., the loan recipient shall submit copies of the canceled checks on a quarterly basis which document payment of the state match amount to the contractor.

# ATTACHMENT "A"

## STATE WATER RESOURCES CONTROL BOARD

### REQUEST FOR LOAN DISBURSEMENT

<b>PAYMENT REQUESTED FOR:</b> <input type="checkbox"/> STATE REVOLVING FUND LOAN <input type="checkbox"/> LOCAL MATCH LOAN	<b>DATE:</b> _____ <b>DISBURSEMENT REQUEST NO.</b> _____ <b>LOAN NO.</b> _____ <b>CONTRACT NO.</b> _____ <b>% ELIGIBLE CONSTRUCTION COMPLETE:</b> _____
<b>LOAN RECIPIENT:</b> _____ <b>STREET/P. O. BOX:</b> _____ <b>CITY AND ZIP CODE:</b> _____ <b>AUTHORIZED REPRESENTATIVE:</b> _____ <b>TITLE:</b> _____	

STATE REVOLVING FUND LOAN					STATE USE ONLY		
(A) DESCRIPTION	(B) LOAN AMOUNT	(C) COSTS INCURRED TO DATE	(D) ELIGIBLE PERCENT	(E) COSTS CLAIMED FOR PAY'T TO DATE	(F) COSTS APPROVED FOR PAY'T TO DATE	(G) AMOUNT PREVIOUSLY PAID	(H) APPROVED PAYMENT THIS REQUEST
CONSTRUCTION							
ALLOWANCES:							
Planning							
Design							
Construction							
Administration							
Prime Engineering							
<b>TOTAL</b>							

					STATE USE ONLY		
LOCAL MATCH LOAN	CONVERSION EFFECTIVE DATE:						
CONSTRUCTION							
ALLOWANCES:							
Planning							
Design							
Construction							
Administration							
Prime Engineering							
<b>SUBTOTAL</b>							
LESS STATE MATCH							
<b>Total Local Match Loan</b>							

STATE USE ONLY			
SUMMARY	TOTAL ELIGIBLE TO DATE	LESS PREVIOUS	NET DISBURSEMENT
STANDARD SRF LOAN			
LOCAL MATCH LOAN			
SUBTOTAL			
LESS STATE MATCH			
<b>TOTAL</b>			

DISBURSEMENT REQUEST NO. \_\_\_\_\_

LOAN NO. \_\_\_\_\_

CONTRACT NO. \_\_\_\_\_

**DISBURSEMENT AMOUNT:** \_\_\_\_\_

**COMMENTS**


**RECIPIENT CERTIFICATION**

I certify that the costs shown in column "C" have been incurred and that these costs have been paid or will be paid within 30 days of receipt of the funds requested hereby. If such costs have not been paid within 30 days, funds received under this request will be returned to the State Water Resources Control Board (SWRCB). I certify that all prior funds received from this loan have been disbursed within 30 days of receipt or have been returned to the SWRCB.

In addition to the foregoing, where zero interest State Revolving Fund Loans apply, I certify that the appropriate payment has been made with local funds that equate to at least the State match portion.

I also certify that costs claimed are specific to the loan and within the approved scope of work.

\_\_\_\_\_  
SIGNATURE OF AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

**STATE USE ONLY: APPROVAL FOR PAYMENT**

REVIEWED BY:

\_\_\_\_\_  
APPROVED BY:

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
APPROVED BY:

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

**ACCOUNTING USE ONLY**




**ATTACHMENT "B"**  
**STATE REVOLVING FUND LOAN**  
**FORM 260 - ALLOWANCES**

**Planning and Design Allowance**

The Planning and Design Allowances are eligible for disbursement upon execution of the contract.

**Construction and Administration Allowances**

*Form 259 -- Construction Contractor Spreadsheet*

The Construction and Administration Allowances are prorated according to the construction completion percentage per the contractor's pay estimate submitted with the disbursement request. The percentage is derived by the following method:

$$\frac{\text{Subtotal Eligible Costs + MOH (Column J)}}{\text{Eligible Bid Amount (Column C)}} = \% \text{ of Construction Complete}$$

(e.g., 23.17% -- two places)

*Form 260 -- Request for Loan or Grant Disbursement*

To calculate the Costs Claimed for Payment to Date -- Column (E), multiply the Allowance -- Column (B) with the construction completion percentage. This figure is the maximum eligible for the allowance. If the cost incurred is less than the maximum eligible, then post the cost incurred amount in Column E.

**Prime Engineering Allowance**

Prime Engineering Allowance is eligible for disbursement after construction is complete (100 percent).

**ATTACHMENT "C"**  
**STATE WATER RESOURCES CONTROL BOARD**  
**CONSTRUCTION CONTRACTOR SPREADSHEET**  
**CONTRACTOR:**

MAIL TO:

PAYMENTS UNIT  
 DIVISION OF CLEAN WATER PROGRAMS  
 STATE WATER RESOURCES CONTROL BOARD  
 P.O. BOX 944212  
 SACRAMENTO, CA 94244-2120

LOAN NUMBER:

CONTRACT NUMBER :

RECIPIENT AGENCY:

AGENCY ADDRESS:

PAYMENT REQUEST NUMBER: #

AUTHORIZED REPRESENTATIVE:

PAGE:

DATE:

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
ITEM NO	ITEM DESCRIPTION	ELIGIBLE CONTRACT DOLLARS	AS BID CONTRACT QUANTITY	UNIT DESCRIPTION (TON,C.Y., L.S.,ETC)	UNIT PRICE OR LUMP SUM	TOTAL WORK COMPLETED TO DATE (UNITS OR %)	TOTAL COSTS INCURRED TO DATE (FxG)	ELIGIBLE PERCENT	TOTAL ELIGIBLE COSTS (HxI)	AMOUNT PREVIOUSLY PAID	PAYMENT THIS REQUEST (J-K)	REMARKS
	CONTRACT BID ITEMS											
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
	SUBTOTAL CONTRACT ITEM DATA	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		XXXXXXXXXX				
	MATERIALS ON HAND	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX						
	LESS RETENTION	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX						
	CONTRACT TOTALS		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		XXXXXXXXXX				

FORM No 259 (REV.4/92)

NOTE: ELIGIBILITY FOR MATERIALS ON HAND AND RETENTION COSTS IS BASED ON OVERALL PROJECT ELIGIBILITY.

**SAMPLE RESOLUTION**

**LOCAL MATCH LOANS**

**BE IT RESOLVED** that the \_\_\_\_\_ (*Governing Board of the Agency*)  
hereby agrees to the following in return for a "Local Match Loan" State Revolving Fund (SRF)  
Loan:

1. To contribute the State match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$ \_\_\_\_\_ .
2. To pay an administrative fee of up to 0.575% of the eligible project cost for the administrative match amount, if requested by the State Water Resources Control Board (SWRCB), prior to the issuance of the local match SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Financial Assistance (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).
5. To provide the Division with copies of the cancelled checks documenting payment of the state match amount, on a quarterly basis.

**CERTIFICATION**

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the \_\_\_\_\_ (*Governing Board of the Agency*)  
held on \_\_\_\_\_ (*Date*) .

\_\_\_\_\_  
(*Clerk or Authorized Record Keeper of the  
Governing Board of the Agency*)

## Sewer System Evaluation Survey (SSES)

When Infiltration and/or Inflow (I/I) exists in a collection system and treatment plant flow records indicate that the I/I flow exceeds the designated values described in the SRF policy, the applicant may perform an SSES to identify the sources of I/I and determine at what level it is cost effective to treat and/or remove the I/I. If the applicant decides to perform an SSES, the following steps should be taken, at minimum, to complete the study:<sup>1</sup>

### I. Identify Collection System Problems

- A. Describe the existing system and discuss its history;
- B. Review and analyze existing flow records such as plant influent data, pump stations data, overflow locations and estimated amounts, etc;
- C. Divide the collection system into subsystems and identify the key manholes which are located at the outlet of each subsystem;
- D. Monitor flows to key manholes and compare them to the expected sewer flows from the subsystems. Identify problem subsystems and determine if further study is needed. Discuss and explain the basis for the decision; and
- E. Determine if the excessive flow problem is due to infiltration or inflow (or both) and decide the appropriate time period of the year to monitor the problem subsystems.

---

U.S.E.P.A., Guidance For Sewer System Evaluation; March 1974

U.S.E.P.A., Handbook of Sewer System Evaluation and Rehabilitation;  
Publication No. EPA-430/9-75-021; December 1975.<sup>1</sup>

American Society of Civil Engineers/Water Pollution Control Federation, Manual of Practice FD-6; Existing Sewer Evaluation Rehabilitation; 1983.

## II. Define Infiltration/Inflow (I/I) Problem

Once the problem subsystems are identified, a physical inspection, rainfall data, and rainfall simulation should be used to further define the I/I problem.

### A. Physical Inspection

Conduct a physical inspection of the subsystem area that includes the following:

1. Inspect all manholes within the identified area. Descend manholes using a lamp system and inspect the manhole walls and floor for weeping water, mineral deposits, and sand/silt deposits. Inspect all construction and pipe materials for misalignment, structural deformities, etc.
2. Prepare a manhole inspection report. A manhole inspection report should contain the manhole number, size, type of pipe, structural condition, amount of deposit, root growth, and other miscellaneous information. The report should also contain a recommendation for the preferred cleaning method for each sewer section.
3. If groundwater infiltration is suspected to be a problem, groundwater gauges should be installed at manholes or at other sites to evaluate the groundwater conditions.
4. Measure early morning flows (between 2 a.m. to 5 a.m.) at key manholes and at upstream manholes to identify infiltration. The domestic flows will be minimal during these hours. Subtract approximated domestic flow from the actual flow measurements to determine infiltration.

### B. Collection of Rainfall Data

Obtain hourly and daily rainfall information by contacting the weather bureau, airports, or water resources agencies. In the event there is no rainfall data available in the immediate vicinity of the study area, rain gauges should be installed at selected sites, either to provide raw data or to establish the basis for a correlating analysis of various adjacent areas that have available rainfall data.

### C. Rainfall Simulation

Perform rainfall simulation to identify sewer sections with I/I problems. The use of the following techniques is suggested:

1. Smoke test--A smoke test should be used to identify inflow sources such as catch basins, roof and other drains, crossing connections, manhole covers, and bad joints and leaks.
2. Dye test--A dye test should be used on ditches, streams, or storm sewers located above or crossing the sanitary sewer system.
3. Exfiltration tests (air or water)--An exfiltration test should be used to detect possible leakage in the sewer lines and manholes.

TV inspection may be used by itself or in conjunction with any of the above tests to determine the location, condition, and estimated flow rate of I/I sources.

### III. Prepare Map and Field Report

- A. After all the field work is complete, locate and present all identified problem sewers and manholes on a map. The map should be color coded to identify pipe sizes, joint materials, and estimated quantity of I/I. The direction of sewer flow should also be indicated on the map.
- B. Prepare a field inspection report. The inspection report should compile and analyze all data and information collected in the field. Include all backup information, such as field notes and measurements, a summary of defective manholes and pipes, an estimate of rehabilitation cost, and an estimate of I/I reduction.

### IV. Conduct a Cost-Effectiveness Analysis

After all data and results have been analyzed and summarized, a cost-effective analysis must be conducted to determine the cost of eliminating I/I at various levels. The costs of I/I reduction should then be compared to the total cost of transportation and treatment of I/I flows at the treatment facilities. The total present worth or annual worth analysis shall be used to perform the cost comparison.

For various levels of I/I removal, determine the:

- (1) cost of transporting and treating existing I/I. Include capital costs (modifying transportation system, constructing treatment plant, replacing units, engineering, legal, administration, and contingency costs), operation and maintenance costs;
- (2) cost of I/I reduction. Include rehabilitation, repair, replacement, and engineering costs; and

(3) total cost of transporting, treating, and reduction I/I.

Plot the total costs associated with the various percentages of I/I reduction and determine the *cost-effective cutoff point*, the lowest cost point for I/I reduction (see attached Cost Effective Analysis Curve).

V. Prepare Survey Recommendations

Propose a rehabilitation program to deal with the cost effective reduction of I/I.

Explain the basis for recommendations and include a short term and long term action plan and schedule.

Attachment



## Cost-Effective Analysis Curve

